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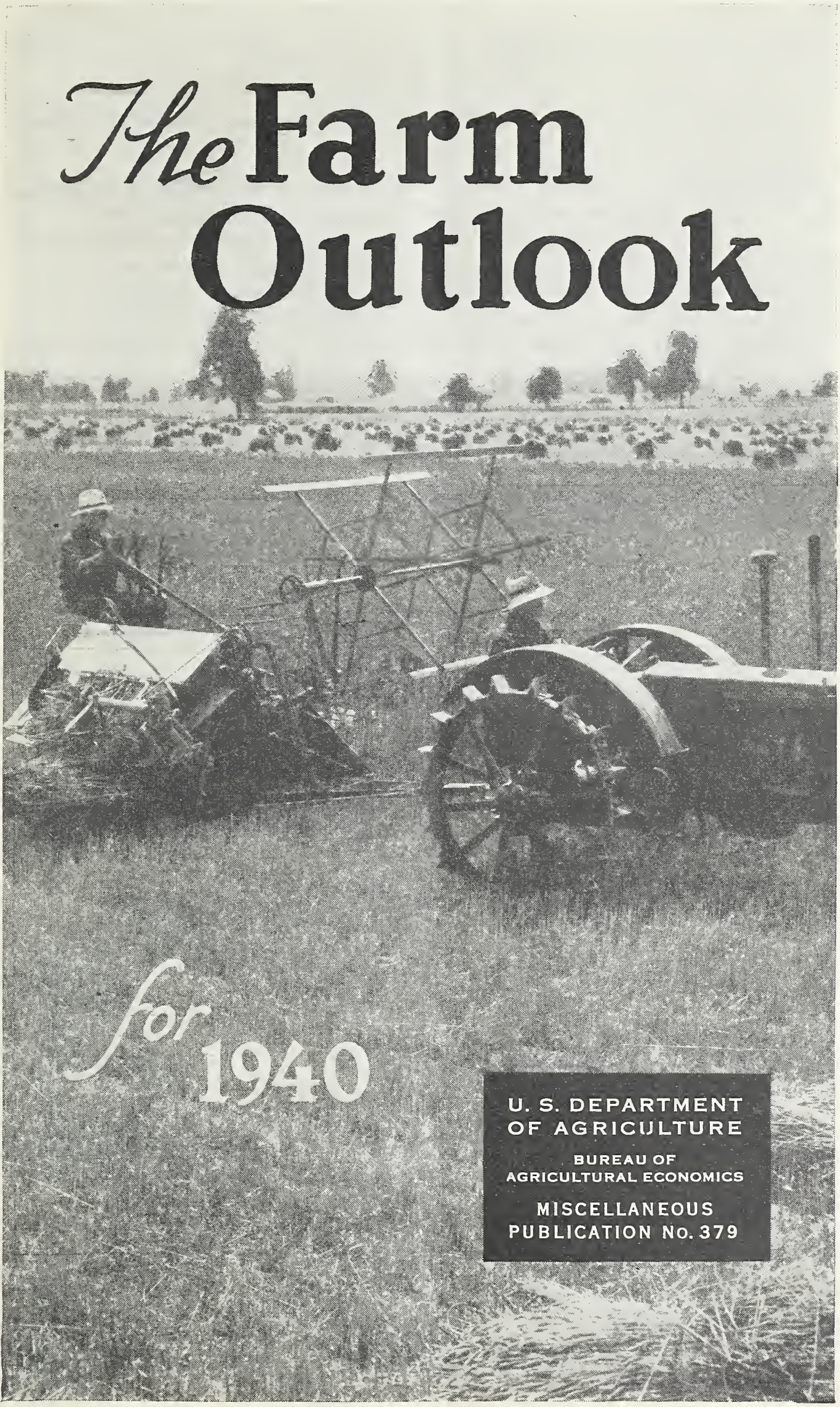
The Farm Outlook



for 1940

U. S. DEPARTMENT
OF AGRICULTURE

BUREAU OF
AGRICULTURAL ECONOMICS

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Foreword

Farmers are now making their plans for 1940 operations. The purpose of this publication is to give, in brief, information that may be helpful in such planning.

Representatives of the State agricultural colleges, the Bureau of Agricultural Economics, and the Agricultural Marketing Service have cooperated in preparing this outlook report, with assistance from the Agricultural Adjustment Administration, the Office of Foreign Agricultural Relations, the Bureau of Home Economics, and the Extension Service. In many cases a State outlook report is also prepared which will contain many local details not included in this general statement. Farmers should get their own State reports in addition to this one.

The war has introduced a factor which will influence the farm situation to some extent in the coming year. Indications are that demand for some farm products will be stimulated whereas for others it will be lessened.

The general information set forth herein must, of course, be taken in the light of changing circumstances and of one's own particular farm business.

H. R. TOLLEY,
Chief, Bureau of Agricultural Economics.

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Summary.

Some improvement in demand for farm products, higher average prices, and larger farm cash income lighten the farm outlook for 1940 as compared with 1939.

Practically all groups of farm commodities will share in the increase in income, but improvement may be more pronounced for meat animals, dairy products, poultry, eggs, and vegetables than for cotton and wheat. Some commodities may also benefit from increased foreign demand—particularly hog and dairy products.

Prices received by farmers probably will be higher relative to prices paid than during the last 2 years. Farm wage rates and other production costs may average a little higher than in 1939, but receipts minus expenditures will be larger. Farm families probably will have higher net incomes—money and "in kind"—in 1940 than in 1939.

Agricultural production for market in 1940 may be slightly larger than in 1939. Prospects are for increased output of meat animals and vegetables and smaller production of tobacco. Production of grains and cotton will depend largely on growing conditions, now unpredictable. No increase is indicated in winter wheat acreage this season, and a slight decline is shown in world cotton supplies.

The outlook for growers of feed grains is improved. Numbers of livestock are increasing and more are in feedlots this winter. Output of dairy and poultry products will depend largely on the relative cost of feeds.

Total slaughter of cattle and calves in 1940 is expected to be somewhat smaller than in 1939. Cattle prices may average higher. Hog slaughter will increase, but consumer demand will be stronger, and exports of pork and lard will increase. Further increase in pig production in 1940 is indicated.

Increased numbers of lambs fed in the Corn Belt this season will be partly offset by reduced feeding in the western States. Stocks of wool in the United States are relatively small and a considerable increase in imports is probable before the 1940 domestic clip becomes available. Increasing domestic and foreign demand for wool will tend to support domestic wool prices.

Tobacco supplies are the largest on record. Supplies of flue-cured and Burley, normally 75 percent of United States tobacco production, are the largest on record; excess of 1939 production over probable disappearance means burdensome stocks in 1940. United States consumption of tobacco is expected to increase, but exports are likely to decline.

Production of fats and oils from domestic materials in 1940 is likely to be the largest on record. Increased production of lard, grease, soybean oil, and linseed oil will much more than offset decreased production of cottonseed oil. Despite larger domestic supplies, domestic prices of edible fats and oils are expected to be somewhat higher than in 1939.

Poultry marketings in the first half of 1940 probably will be larger than in 1939 because of the heavy 1939 hatch of chickens and turkeys. In the last half of 1940 marketings are expected to be less than a year earlier because of the smaller 1940 hatch. Laying flocks and total egg production are likely to increase somewhat.

A larger potato acreage, yielding about 25,000,000 bushels more than in 1939, is probable. Supplies of rice for the 1939-40 season are likely to be fully as large as for last season. United States supplies of dry edible beans for this season will be about 2 percent smaller than last year's large supply. The outlook for dairy consumption is favorable. Some increase in consumption of fluid milk and cream is expected this winter compared with last. If war continues, exports of dairy products, particularly of concentrated milks, may increase.

A slightly higher consumer demand for fruits is in prospect, but this may be offset largely by a curtailment of exports, due to larger European fruit crops and to war conditions. Average production of all fruits combined during the next 5 years probably will be larger than the average for the 5 years 1934–38.

Total supplies of processed vegetables available for consumption in 1939–40 are considerably smaller than the unusually large supplies of the last two seasons. Record production of commercial truck crops for fresh-market shipment, together with improvement in demand, is indicated for 1940. Truck crops as a group will yield larger total cash income to producers.

The Farm Outlook For 1940

Prepared in the *Bureau of Agricultural Economics*

The General Outlook.

Demand for Farm Products

Demand for farm products is expected to be stronger in 1940 as a whole than in 1939, largely because of prospective increases in domestic business activity and consumer incomes. Export demand for a few farm products will be increased whereas in the case of certain other products it probably will be lessened.

War Will Increase Business Activity.

The war has been partly responsible for the sharp increase in industrial production in the last part of 1939 and has improved business prospects for 1940 as a whole. Exports of some industrial commodities to the belligerent nations will be increased, and a part of the neutral nations' purchases of manufactured goods will be diverted to this country because their usual sources of supply will be cut off. These effects may be rather slow in developing, since time is required for reorganization of purchasing activities and shipping facilities. Despite such uncertainties, the net effect of these war influences is expected to be favorable to domestic business.

Business Conditions Better Irrespective of War.

General conditions in domestic industry also are fairly favorable. It is probable that even had there been no war, business activity and consumer incomes would have experienced some improvement in 1940. Prospects are good for automobiles and steel, and no very unfavorable situation is noted in any important industry.

Sharp fluctuations of industrial activity in 1940 are likely to result from uncertainties arising out of the war and from adjustments that will be necessary, following the period of inventory accumulation which began with the outbreak of war. This wave of buying caused production to run ahead of actual consumption and exports, by a considerable margin. Sometime in 1940 a period of readjustment will be necessary, which may mean a considerable decline from the peak reached in the present upswing. Although it is possible that such a recession might develop sufficient force to offset other favorable factors and prevent a resumption of the improvement begun in 1939, such a result is not probable on the basis of present indications.

Great Britain and France apparently have funds to finance any possible increase in their imports during the first year or two of war, although they will attempt to conserve these resources by careful buying and the use of governmental controls over imports and prices.

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Figure 1.—All farm products that are sold must find buyers. When consumers have more money to spend, they bid more freely for fruits, vegetables, dairy products, poultry products, meats, and many other things. It appears that incomes of industrial workers will increase somewhat in the coming year and consequently that the demand for farm products will improve.

Export Demand for Farm Products Less Than in World War.

The increased cost and risk of ocean shipping will give the United States some advantage over more distant competing exporting nations, although probably not so much as during the World War. On the other hand, stocks of some commodities held or controlled by the warring nations apparently are considerably larger now than in 1914, these countries now are less dependent upon other countries for supplies of farm products, and South America and Canada are now more important exporters of several major agricultural commodities.

Reasonable to Expect Some Improvement in Prices to Farmers.

Partly offsetting the expected improvement in demand will be large supplies of several important farm products. Nevertheless, prices of farm products to farmers should experience some increase over the average for 1939 and probably will be higher relative to prices paid by farmers than during the last 2 years. The general level of wholesale prices in the United States also is expected to be higher in 1940 than the average for 1939.

Farm Credit

The volume of short-term credit used by farmers during 1939–40 for production and living costs, for livestock and machinery, and for farm improvements, is expected to be 5 or 10 percent greater than that used in 1938–39. Commodity Credit Corporation loans on the 1939–40 corn and cotton crops, if offered, will increase the aggregate volume of short-term credits used by farmers by even greater percentages.

Ample Credit Available.

Ample short-term credit will be available for meeting all anticipated demands for credit by farmers of good credit standing. Commercial banks, production credit associations, and other agencies, can easily expand their loans. Funds available for making rehabilitation and emergency loans, however, are slightly smaller than last year. Applications for rural electrification loans are exceeding available funds, but credit for other cooperative purposes appears to be ample.

The volume of farm-mortgage financing is expected to be somewhat higher in 1940 than in 1939. The volume of refinancing is not expected to decrease appreciably, and additional new financing is expected in connection with land transfers, farm-equipment purchases, and farm improvements. No great change is expected in the volume of outstanding farm-mortgage debt. Additions to mortgage debt through new financing are likely to be offset by principal repayments, foreclosures of mortgaged farms, and scale-downs resulting from debt adjustments.

Ample mortgage credit will continue to be available in 1940 on favorable terms. Funds available for such loans from both Federal and private agencies are abundant, and increased amounts will be available in 1939–40 for tenant-purchase loans to be made by the Farm Security Administration under the Bankhead-Jones Farm Tenant Act. Debt-adjustment activities will continue in 1939–40.

Production Costs

Costs of production of farm products in 1940 probably will average a little higher than in 1939.

Probably Higher Wages and Prices of Machinery and Materials.

Some rise in wage rates is expected, and prices of most commodities used in farm production probably will average a little higher. Prices of commodities and services may not increase as much in 1940 as they did following the outbreak of war in 1914. The combined index number of prices paid by farmers for commodities used in production and of farm-wage rates advanced 4 points from 1914–15.

Total farm employment probably will decline further next year, but greater use of mechanized equipment will enable farmers to maintain production at current levels. Higher prices for farm machinery and building materials are expected.

Higher Fertilizer?

Prices of most fertilizer materials probably will rise a little. No substantial increase in prices of potash salts is expected as only a small proportion of the needs for these are supplied by nations now at war.

Prices paid by farmers will probably be slightly higher for most seeds, and a small crop of red clover indicates that such seed for next spring sowing may be priced considerably higher than in the spring of 1939.

Little change in feed prices is expected in view of ample supplies.

TABLE 1.—*Indexes of prices received and paid, September 1938 and 1939*

[1910–14=100]

Prices received by farmers for all farm products			Prices paid by farmers for commodities and services used in production		
	September 1938	September 1939		September 1938	September 1939
All farm products	95	98	All commodities and wages	124	[1] 124
Grain	63	83	Farm wage rates [2]	129	126
Cotton and cottonseed	69	76	Feed	87	100
Fruits	75	73	Seed	133	130
Truck crops	107	114	Fertilizer	99	99
Meat animals	117	117	Farm machinery [3]	158	[1] 154
Dairy products	104	107	Equipment and supplies [4]	115	109
Chickens and eggs	118	102	Building materials [4]	147	147

[1] Preliminary. [2] As of July 1. [3] Not including tractors. [4] As of June 15.

Farm Family Living

Farm families probably will have higher net incomes to spend in 1940 than they have had in 1939 and will be able to buy a somewhat better living.

In a year of rising costs of living, farm families as a group may feel a pinch less than do city families. The farm household has the advantage in that it can raise more than usual of its total food supplies. So far as the usual grocery supply is concerned, farm families need not fear any shortages of the foodstuffs they ordinarily buy. Supplies for domestic consumption are ample.

Cash Crops.

Cotton

Large Supply of Cotton in Existence.

The world supply of cotton has been at a near-record figure of about 50 million bales, during the last three seasons. In 1940–41 the world supply is expected to be somewhat less than this figure—although still about one-fifth larger than the average for the 10 years ended 1937–38.

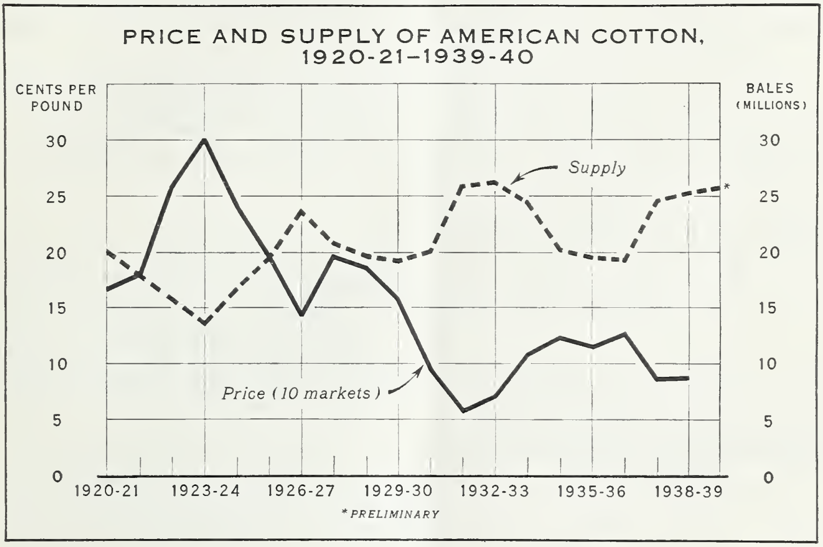

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Figure 2.—The cotton market is still dominated by the large existing supply of cotton. The world carry-over of American cotton on August 1, 1939, exceeded 14 million bales, a new high. But the total supply of American cotton may reasonably be expected to be somewhat smaller in 1940–41 than it is in the present season.

World mill consumption in 1939–40 is expected to just about equal the season's crop, now estimated at nearly 28 million bales.

Large Carry-over in Sight Again Next Year.

These figures indicate a carry-over of all growths of cotton on August 1, 1940, not materially different from the near-record stocks of 21,900,000 bales at the beginning of the current season.

Smaller Crop Next Year?

The 1940 crop of American cotton would be considerably less than that of 1939 if we assume the same harvested acreage as in 1939 and yields equal to the 5-year average 1934–38. Next year's foreign crop is expected to show at least some decline.

Record Supply of American Cotton on Hand.

World carry-over of American cotton on August 1, 1939, was about 14 million bales—a new high. Even with a below-average crop, the indicated 1939–40 world supply of American cotton of 25,700,000 bales is only slightly below the peak supply of 1932–33. It is a little larger than the 1938–39 supply and 3,800,000 bales above the 10-year average.

But at present (late November) about 10,100,000 bales of the indicated supply is either owned or held as collateral against loans by the United States Government. Very little of this is likely to be available for consumption or merchandising purposes during the current season unless the price for Middling ⅞-inch cotton in the 10 designated markets advances above 9½ cents in the near future, or higher later on as additional carrying charges accumulate.

Should loan stocks continue at about present levels the world carry-over of "free" American cotton on August 1, 1940, might be only a little larger than the small volume a year earlier. The total supply of American cotton might reasonably be expected to be smaller in 1940–41 than in the present season.

Large Supply of Foreign Cotton Also.

The estimated 1939–40 world supply of 23,600,000 bales of foreign-grown commercial cotton is 1,100,000 bales below that for the 1938–39 season but 8,000,000 bales more than in 1932–33. It is more than one-fifth larger than the 10-year, 1928–37, average. It now seems probable that the world carry-over of non-American cotton on August 1, 1940, may be about the same as a year earlier but that the 1940–41 foreign crop may be somewhat smaller.

Cottonseed Supply Below Average.

The supply of cottonseed for the 1939–40 season is estimated at about 5.4 million tons. This quantity is slightly smaller than the supply of the 1938–39 season, and about 13 percent less than the 1928–37 average supply.

Of the products of cottonseed, supplies of linters for the 1939–40 season are indicated to be relatively large. But supplies of cottonseed oil are about the same as a year earlier and the 10-year average. On the other hand, supplies of cottonseed cake and meal and hulls are below average, and are smaller than the supplies of the 1938–39 season.

Oil Supply About Average.

Cottonseed oil is the principal product of cottonseed when crushed, and usually it contributes over 50 percent of the total value of all cottonseed products. The indicated domestic supply of cottonseed oil for the 1939–40 season is about equal to the average for the 1928–37 period. Stocks of cottonseed oil on August 1 were considerably above average, but production of cottonseed oil in 1939–40 is expected to be smaller than a year earlier, and below average.

Supplies of other edible oils and fats, notably lard and soybean oil, are considerably larger than a year earlier and are larger than average. Demand for these products also is expected to strengthen.

Wheat

Not Much Change in United States Acreage.

Apparently the acreage seeded to wheat for harvest in 1940 will not change materially from the seedings of last year. The higher prices following the declaration of war in Europe apparently have not affected seeding plans generally in the important winter wheat States. Moreover, conditions for seeding winter wheat have been unfavorable.

If the total wheat seedings for harvest in 1940 are unchanged from the 64.6 million acres sown last year, with average yields the crop would total about 760 million bushels. This would be about 75 million bushels more than the average quantity used in recent years. Unless unusually favorable growing conditions exist for the remainder of the season, however, yields per seeded acre will be below average, and this might result in a production small enough to reduce our moderately large carry-over.

World Acreage Next Year Probably About the Same.

A marked reduction in wheat acreage in Europe is not expected for the 1940 crop. The probable decrease in military areas is likely to be at least partly offset by increases in neutral countries and in the United Kingdom. It is not expected, therefore, that the world acreage in 1940 will be greatly different from that for this year. With average yields the crop would again be about ample for world consumption without significantly reducing the large carry-over stocks. The world now has on hand the largest supply of wheat ever known.

Prices Held Above World Level.

Wheat prices in the United States are expected to continue to average relatively higher than prices in other surplus-producing countries so long as the Government loan and export-subsidy programs continue and world prices remain low. A very large quantity of wheat is being placed under loan, and this is operating to support domestic prices.

Tobacco

A Lot of Burley and Flue-cured on Hand.

Production in 1939 has been excessive in the flue-cured and burley types, which usually comprise more than 75 percent of the total crop of tobacco. Stocks of these types are large, and the 1939 surplus will result in burdensome stocks in 1940.

For most other types the 1939 output is fairly well in line with the prospective disappearance in 1939–40, and stocks a year hence are not expected to be excessive in relation to consumption.

War May Cut Exports.

Because of the war in Europe, exports in 1939–40 may be greatly reduced, but foreign consumption of American tobaccos may be maintained at about 1938–39 levels by withdrawals from stocks of American leaf held abroad.

Domestic Use Likely to Increase Moderately.

With improving business conditions and incomes the domestic consumption of cigarettes and cigars will probably continue to increase. Little change in the total consumption of other tobacco

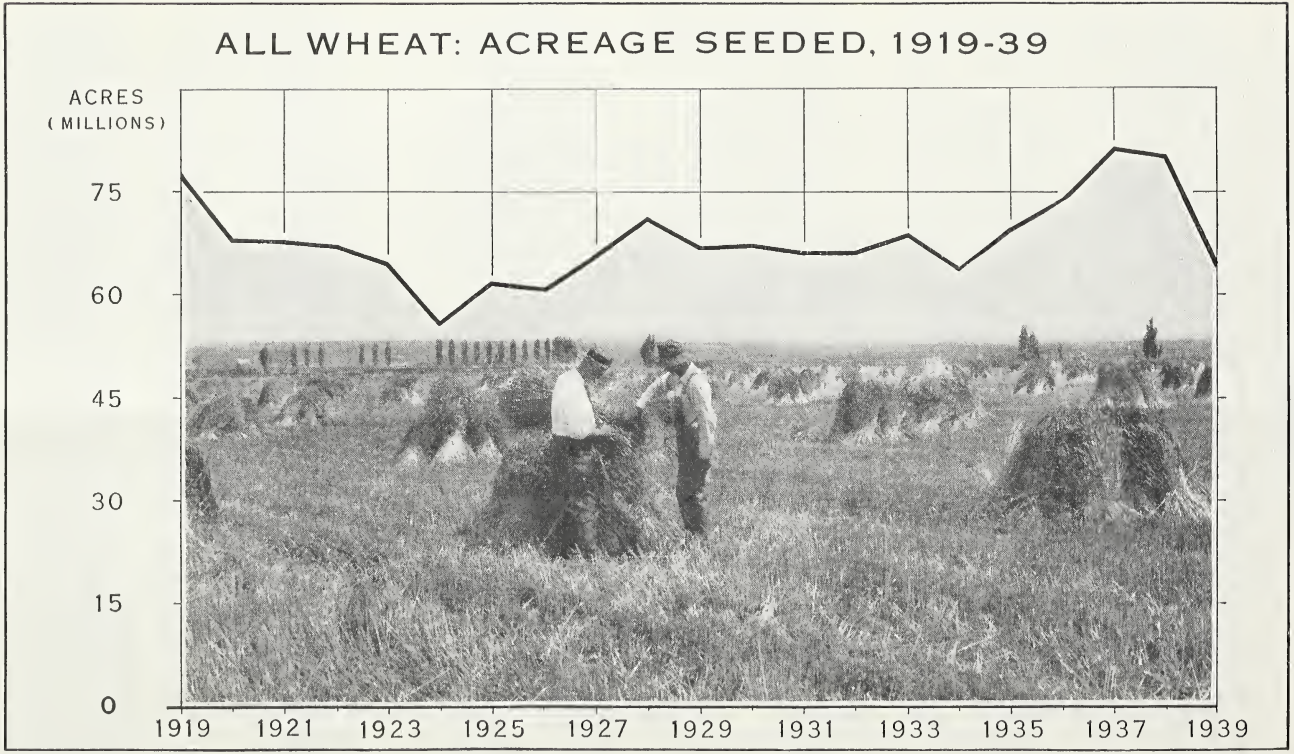

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Figure 3.—The average area of wheat seeded during the 5-year period 1928–32 was about 67 million acres. After 1934 wheat seedings increased sharply. In 1939, however, wheat acreage was materially reduced as a result of low prices and adjustment operations. Apparently the acreage seeded to wheat for harvest in 1940 will not show much change from the seedings of last year.

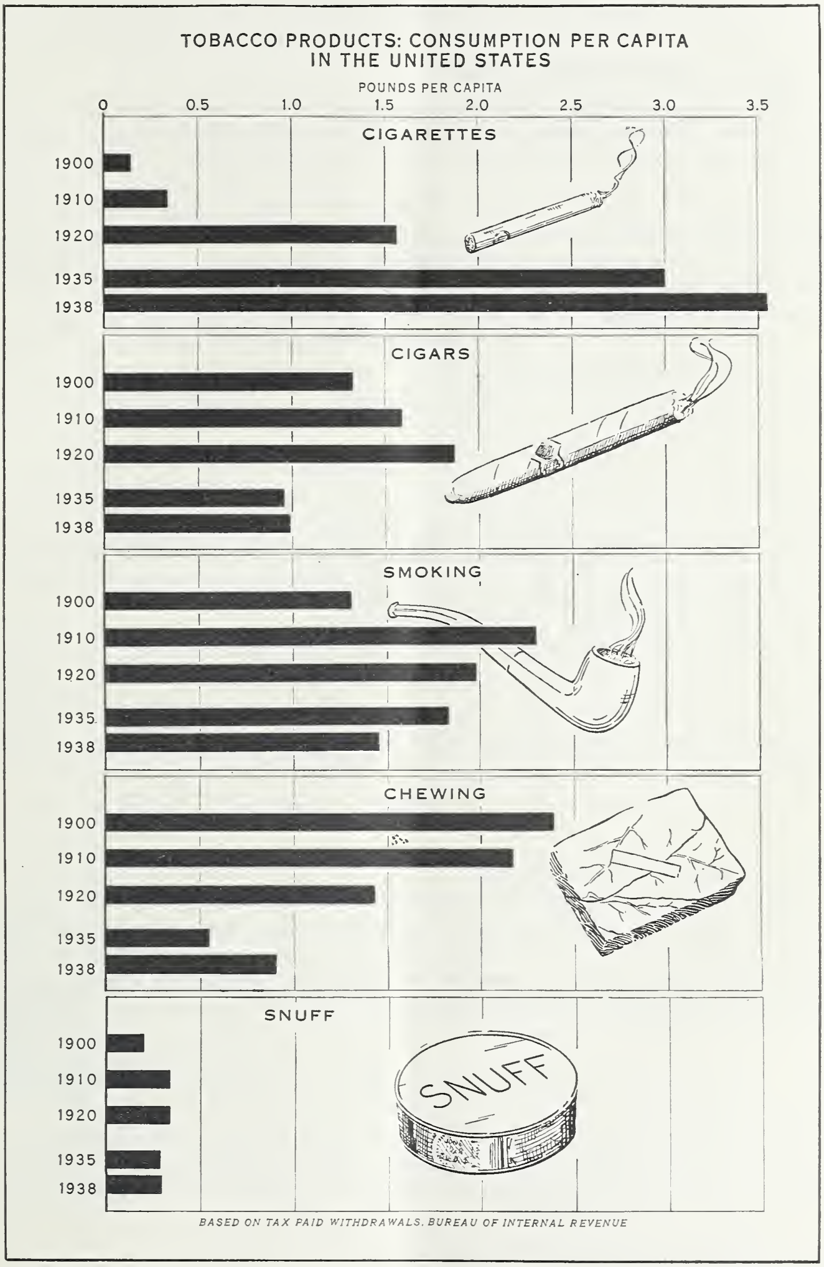

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Figure 4.—This chart brings out the fact that the striking increase in tobacco consumption since 1900 has been in cigarettes. Cigars have about held their own, while consumption of smoking tobacco has dropped off somewhat.

products is anticipated. The use of smoking tobacco and snuff has increased recently, but the use of chewing tobacco continues to decline.

Foreign Prospects Less Favorable.

The foreign outlook at present points toward substantially reduced exports. The European war is disrupting channels of trade and delaying the export movement, and it has already brought about restrictions in the use of foreign exchange and sharply increased freight and insurance rates. In addition, the trade with neutral European countries may be adversely affected by the high cost of shipping and the disruption of trade. During the last 2 years the countries now at war took about three-fourths of our total tobacco exports to Europe.

Stocks of tobacco in the principal European importing countries are now at about normal levels and are sufficient to supply manufacturers' requirements for about 2 years. The war may be expected to delay the movement of United States tobacco rather than to result in any sharp change in the actual volume of consumption abroad.

Imports of tobacco into Europe decreased during the World War, so that foreign stocks of American tobacco also decreased; this in turn led to greatly increased exports after the war. Now, the purchasing for British account has been stopped for an indefinite period. Grades of leaf usually used by British manufacturers may, however, be stored under option to British buyers.

Notable differences, as compared with conditions in 1914, are the greatly increased production of tobacco, especially flue-cured, in the British Empire and other foreign countries and the much greater cigarette consumption now prevailing. During the World War the consumption of cigarettes was much smaller but was expanding rapidly. At this time it is increasing slowly.

Fruit

More Citrus Fruit, Fewer Apples.

The average combined production of all fruits during the next 5 years (1940–44) probably will be larger than the average for the 5-year period 1934–38. Significant increases are expected in the production of grapefruit, oranges, and lemons during the next 5 years. Moderate increases are anticipated for peaches, pears, and cherries, and grape production probably will increase slightly. The trend in apple production is expected to continue downward at a moderate rate. No significant changes are likely to occur in the average output of other fruits.

Demand for fruits in the United States during 1940 is expected to be somewhat higher than in 1939. But the better demand in this country may be partly offset by decreased exports due to larger fruit crops and war in Europe.

Fruit Production Per Capita Increasing.

On a per capita basis, the annual average production of the 13 important fruits increased from 176 pounds for the 5-year period 1919–23, to 207 pounds during 1934–38. A significant fact is that the per capita production of apples declined 20 percent during this period, whereas that of all citrus fruits doubled. Cherries, pears, plums and prunes, olives, and apricots increased materially in per capita output over the same period; grapes increased moderately; peaches declined slightly after a temporary increase; strawberries increased rapidly during the middle of the period but are now only slightly higher than in 1919–23. From present indications it appears that during the next five seasons a larger per capita supply of fruit may be expected, but an increasing proportion of this supply will be comprised of citrus fruits.

Large Apple Crop This Year.

Domestic commercial apple supplies for the current season (103 million bushels) are about 25 percent larger than the supplies of last season and 7 percent larger than the 1928–37 average. Supplies are relatively heavy in some of the important Central and Eastern States, including important export areas.

The quantity of apples used for canning and drying is likely to be considerably larger this year than it was in 1938, when about 10,300,000 bushels were canned and dried.

Apple Orchards Declining.

From a long-time viewpoint, the number of apple trees of bearing age in the United States is expected to continue to decrease, and the production trend during the next 5 or 6 years is expected to continue downward at a moderate rate, with greater reduction in the total crop than in the commercial crop. If plantings and replacements continue to be as light as they have been during the last several years, production 10 to 15 years hence may be materially lower than it now is.

More Peaches Coming.

A continuation of the upward trend in peach production is indicated for the next 5 years. The crops of 1938 and 1939 averaged about 11 percent greater than the 51,000,000–bushel average of 1933–37. There is danger that the peach industry in some areas is being overexpanded.

In California, where a large part of the crop is canned and dried, a slight upward trend in production is indicated; the crop of clingstone peaches has been above market requirements in recent years, with consequent low prices.

The crop in States other than California averaged 30,000,000 bushels in 1933–37, and the average of the next 5 years probably will exceed this quantity.

Cherries Increasing Slowly.

Continuation of the present slight upward trend in the production of sour cherries is indicated for the next 5 years, this applying to most of the principal eastern producing States. No appreciable change in acreage is to be expected, and new plantings at the present time are, in general, insignificant. Further production will depend therefore upon the increasing bearing surface of the present acreage.

The trend of production of sweet cherries continues upward at a somewhat more rapid rate than that of sour cherries. Although some slight expansion of acreage is indicated, new acreage will represent a minor factor during the next few years. The high proportion of young trees, general throughout the sweet-cherry area, indicates heavier production during the few years next to come. The fluctuation during 1934–37 was much less than that in sour cherry producing

States, the crops ranging from 52,000 tons to 62,000 tons; but the producing capacity of existing acreage is indicated by the heavy crop of more than 88,000 tons in 1939.

More Pears, Especially on West Coast.

The upward trend in the production of pears is likely to continue for a few years though at a more moderate rate than during the last 10 years. Considerable numbers of young trees are yet to reach full bearing age. Further increases in production are expected in the Pacific Coast States and in the major commercial areas of the East North Central States.

New plantings of pear trees were very small last year and were confined to replacements in commercial areas.

Since 1930 season average prices to growers have been considerably below prices during the period 1919–29. During the current season, prices for Bartlett pears were more satisfactory than in any recent season. A smaller crop than last year, improved demand conditions, and larger quantities used in canning, are the major reasons for better prices at the beginning of the 1939 season.

No Lack of Prunes.

Low prices for California dried prunes in recent years have caused the new plantings to drop below the acreage taken out of production. But the present bearing acreage is still large. There is a similar downward trend in prune acreage in Washington and Oregon which is expected to continue if low returns to growers prevail.

The total domestic supply of dried prunes for 1939–40 is approximately 267,000 tons, which is 10,000 tons smaller than the 1933–37 5-year average supply but 30,000 tons below the large supply available in 1938–39. With the large European production in 1939 the world supply of dried prunes is about equal to that of last year, and somewhat larger than the average of the past 5 years.

Large supplies over the last several years have depressed prices to a very low level. Since the beginning of the European war, however, the price has risen.

Plenty of Grapes.

Bearing acreage of California grapes declined steadily between 1926 and 1936 but since then has shown a slight upward trend. This increase in bearing acreage is expected to continue for a few more years.

The 1938–39 crop year was another difficult one for the California raisin industry. The 1938 crop was the largest on record. This record crop, together with the carry-over from the previous year, gave the largest total supply of raisins since 1928. Although this supply was substantially reduced by diversion and by relief purchases, the large crop in prospect for 1939 plus the carry-over from the 1938 season will still give total supplies for the 1939–40 marketing year considerably in excess of normal trade requirements. The increasingly important export market has been made very uncertain by the European war.

Stocks of wine, particularly of sweet wine, have been reduced from the high levels existing at the start of the 1938 vintage season. Stocks of dry wine are much larger in relation to consumption than stocks of sweet wine. Wine consumption has increased steadily since the repeal of the prohibition amendment with the exception of a few months in the early part of 1938, and it is anticipated that this increase will continue, provided consumer incomes are maintained. Based upon the probable utilization of the indicated grape crop, the production of wine in 1939–40 will probably be larger than consumption. Therefore, larger stocks of wine can be expected at the beginning of the 1940 vintage season.

There has been no pronounced trend in the acreage of grapes in principal producing areas outside of California although some decline will probably occur in the next several years. Production of grapes outside of California during the next few years is expected to average slightly less than the 1928–37 average of 281,000 tons. Reports from all areas, excluding California, indicate few plantings in recent years.

More Late Strawberries.

October estimates indicate about 197,000 acres of strawberries for picking in 1940. The indicated acreage is the largest since 1929 and 9 percent above the 1928–37 average; but it is only about 2 percent larger than the 1939 harvested acreage. Should yields in 1940 be average, production would be somewhat less than in 1939, when the yield per acre was about 10 percent above average. Higher consumer incomes in 1940 probably will result in a better demand for strawberries than existed in 1939.

Increases in 1940 acreages are indicated in the late and intermediate States. In the second-early and the early States some decrease in acreage is expected.

Orange Crop Doubled in 20 Years.

Production of oranges for 1939–40 is expected to be somewhat smaller than the record crop of 1938–39.

Domestic orange production has more than doubled during the last 20 years. The 1938–39 crop of oranges amounted to 79,500,000 boxes, as compared with an average crop of 61,400,000 boxes for the period 1934–37 and 30,100,000 boxes during the 5 years 1919–23.

As about 40 percent of the bearing orange trees in the United States have not yet reached full production, larger crops may be expected over the next 5 years. Production of Valencias and other late varieties is expected to increase faster than early and midseason varieties. Foreign production of citrus fruits has also increased in recent years.

More Grapefruit Coming.

Unless there should be severe damage to trees by adverse weather conditions the trend in production of grapefruit during the next few years will continue upward. The expected increase in production will be most pronounced in the late, or seedless, varieties of grapefruit which predominate in Texas, California, and Arizona.

Two-Thirds of the Trees are Still Young.

The bearing acreage of grapefruit in all producing areas has been increasing rapidly during the last few years. Approximately 65 percent of the bearing grapefruit trees in the United States at present have not yet reached the age of full production. Roughly 80 percent of the bearing seedless grapefruit trees had not yet reached full pro-

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Figure 5.—Production of oranges has doubled in the last 20 years and the stage is set for apparently about a third larger output of grapefruit during the next 5 years than was grown during the last 5. The outstanding fact in the fruit situation is the increase in citrus production and the slow decline in apples.

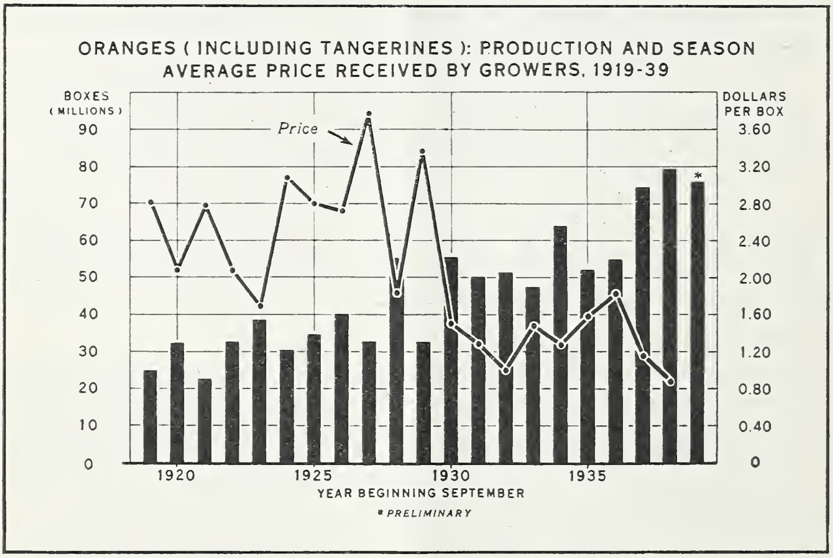

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Figure 6.—The 1938–39 crop of oranges amounted to 79 million boxes as compared with an average crop of 61 million boxes for the period 1934–37. As about 40 percent of the bearing orange trees have not yet reached full production, larger crops may be expected over the next 5 years—especially of Valencias and other late varieties.

duction in 1939, while only 35 percent of the bearing trees of the early, or seeded, varieties were less than 16 years old and not in full production.

Assuming that growing conditions will be similar to the average of the last 10 years and considering recent production trends and potential increases in bearing surface of the present number of trees, it seems probable that average production during the next 5 marketing seasons will average one-third larger than during the last 5 seasons.

Acreage surveys conducted in the producing areas during recent years indicate a total of over 13,200,000 bearing trees (5 years old and over) in groves as of July 1939. Of this total, approximately 65 percent were from 5 to 15 years of age and had not yet reached full production. About 36 percent of the bearing trees were only 5 to 10 years old.

Ten Million Boxes of Lemons a Year.

Lemon production during the 1939–40 season is expected to be somewhat smaller than the record 11,782,000–box crop produced in 1938–39.

But in view of the probable increase in capacity of the present bearing acreage during the next 5 years, together with a probable increase of 20 percent in total bearing acreage during that time, average annual production of lemons during the coming 5–year period probably will be about 10,500,000 boxes. (The 1933–34 to 1937–38 average production was a little over 8,500,000 boxes.)

It seems probable that either consumption must be developed still further in the United States or foreign markets must be expanded if the present level of returns to growers is to be maintained.

Potatoes

Possibly Slightly Larger Acreage Next Year.

An increase of 100,000 acres of potatoes can be expected in 1940 if growers respond to prices as they have in the past. Such an increase would result in the planting of about 3,175,000 acres, on which a yield equal to the average of the last three seasons (121 bushels) would produce 384,000,000 bushels.

There has been a decline in per capita consumption of potatoes, and under average demand conditions the crop most likely to result in "parity prices" is about 360,000,000 bushels.

Severe drought in the intermediate States reduced the crop in 1939. Average growing conditions next year would increase production in these States, even though acreage remains the same. It is expected that the commercial acreage in the early and intermediate States will be increased about 10 percent, or 30,000 acres. Growers in the 30 late States will probably increase the acreage about 3 percent, or 70,000 acres.

In view of past history, there would probably be more violent fluctuations in acreage except that a large percentage of the growers have cooperated in the agricultural conservation program. This has tended to stabilize acreage. The acreage goal in 1939 was 3,100,000 to 3,300,000 acres and will probably be unchanged for the 1940 season.

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Figure 7.—Severe drought in the intermediate crop States reduced the potato crop in 1939. Average growing conditions next year would increase production in these States even though acreage remains the same. If growers respond to prices as they have in the past, a slightly larger potato acreage probably will be planted next spring.

Sweetpotatoes

Slightly Smaller Acreage Expected for Next Year.

The acreage of sweetpotatoes in 1940 probably will be decreased slightly from the 887,000 acres in 1939. With average yields the smaller acreage would result in a total crop of about 75 million bushels, or an increase of 1 percent over the relatively large production in 1939, but an increase of 6 percent over the 1928–37 average. Most of the reduction in 1940 is expected to occur in those areas that normally produce sweetpotatoes for the commercial market.

Prices in eastern markets in the fall of 1939 averaged somewhat lower than those prevailing a year earlier, while those in the Middle West were somewhat higher.

A large portion of the sweetpotato crop is produced in the southern cotton States where sweetpotatoes are used principally for food in the locality where grown. Recently the tendency has been to increase the production of home-produced foods in these States, and this has tended to maintain a relatively large acreage of sweetpotatoes. About as many sweetpotatoes are consumed on the farms as are sold.

Rice

Large Supplies.

Supplies of rice for the 1939–40 season will be fully as large as last season if the October 1 prospects are realized. Supplies of southern rice may slightly exceed the unusually large stocks of the previous two seasons, and California supplies will also be larger than they were last year.

Some increase in domestic use, and possibly in shipments to insular possessions, may result from increased employment and incomes. Export trade, however, upon which the American rice industry must depend for an outlet for surplus stocks, may be no greater than in 1938–39.

Will War Price Put Acreage Up Again?

Rice acreage, which had increased steadily from 1933 to 1937 (1,088,000 acres), was reduced to 1,068,000 in 1938 and again in 1939, when 1,042,000 acres were harvested. If prices for rice remain near the relatively high levels to which they advanced immediately following the outbreak of war in Europe, acreage may again be increased.

Truck Crops for Market

Country Steadily Producing More Vegetables.

Production of all commercial truck crops for fresh-market shipment in 1940 probably will be slightly larger than the record large supply produced in 1939. The total acreage planted to these crops probably will be increased slightly and continue the upward trend that has been in progress during the last two decades.

Short Cabbage Crop This Year, Probably More Next Year.

The total 1939 cabbage crop is indicated to be 1,073,200 tons, or approximately 28 percent smaller than the 1938 crop of 1,495,800 tons. The largest decrease was in the late areas.

Probable increased plantings plus average yields would indicate more cabbage in 1940.

The intended acreage of fall cabbage, the first crop to be marketed in the 1940 season, is reported to be 2,300 acres, as compared with 2,700 in the previous season. This is due partly to a substantial reduction in the average price received by growers in South Carolina for the fall crop of a year ago. Prices received by growers for the 1939 early crop, according to first reports, were on an average somewhat lower than those received in 1938. But in view of the prospects for increased demand in 1940, and the probability of lighter storage stocks of late Danish cabbage, it is probable that early plantings will tend to increase in 1940.

More Celery Next Year?

The outlook for celery indicates an increase in production for 1940 of about 10 percent over that of 1939, approximating the record 1938 crop of 11.9 million crates (New York ⅔-size crates or equivalent). This assumes normal yields and normal reactions to prices received during the 1939 season.

Production of fall and winter celery, the first crop of the 1940 marketing season, is expected to increase. The crop will also face heavy competition from late 1939 storage celery. The price outlook is relatively less favorable for this crop than for the crop of other seasons.

With improved demand conditions and with production approximately the same or only slightly increased, returns to celery growers in the early and second-early areas should improve over those in 1939.

The outlook in the intermediate celery States is for continued moderate expansion of production without a serious reduction in prices.

Large crops and low prices for two successive seasons in the late groups of celery-producing States point to a reduced crop in 1940, with a corresponding increase in prices received.

Probably Some Increase in Tomatoes.

The prospects are for an increase of plantings and production of tomatoes for the fresh market in 1940. Increases in the acreage planted are expected in those areas in which substantial reductions in acreage took place in 1939. Available figures for 1939 indicate that prices to growers were higher than in 1938.

The acreage planted in 1940 will probably be increased in the fall, second-early, and late-producing areas. In the two sections of the early States, intermediate and late (1) areas, no great change is expected in the acreage.

Good Year for Snap Bean Growers.

The 1939 total production of snap beans for market broke all records, and the season average price to growers was higher than that of the year before, up to and including the intermediate crop.

In view of the exceptionally large fall crop (of 1938) in southern Florida and the resulting low prices in that section, it appears probable that the fall plantings for the 1939–40 shipping season will be materially reduced.

But the higher prices in other producing sections during 1939 probably will tend to stimulate plantings of snap beans in 1940.

The outstanding features of the snap-bean crop for the country as a whole during the last 21 years have been the sharp increase in acreage, the general decrease in yield per acre, and the decline in prices to growers.

About the Same Acreage of Onions Next Year.

The 1940 plantings of onions for the entire United States are expected to about equal the area harvested in 1939. Prospective increases in the early States will probably offset decreases in some of the intermediate and late States. Assuming average yields and no change in acreage, a production in 1940 about 8 percent below that of 1939 would result. It would, however, be 11 percent greater than the 1928–37 average production.

Owing to exceptionally high yields in the late-producing States, the 1939 crop of onions was next to the largest of record. Although the acreage for harvest was above the 1928–37 average, it was the smallest since 1934. The decrease in the area harvested in 1939 as compared with that in other recent years was the result of dry weather in southern Texas which prevented growers from planting all the land intended and caused some planted acreage to fail.

More Watermelons Probable.

The output of watermelons in 1940 will probably exceed the short crop of 1939. Larger crops are expected in each of the early, second-early, and late State areas. Although larger yields alone could bring this about, it seems that a larger acreage is also in prospect in all areas.

The total acreage planted to watermelons has been remarkably stable during the last three seasons (261,140 acres were planted in 1939). This acreage is about 3 percent above the 10-year (1928–37) average. Total production on 1939 acreage, however, was approximately 10 percent below the 1928–37 average of 68,000,000 melons, as disease and weather damage made heavy inroads in the early and second-early States. Indications are that the late-producing area harvested its largest crop of recent years, continuing the upward trend of production in these States.

With some exceptions, 1939 prices to growers were substantially above the levels prevailing in most States in 1938, owing both to the reduced supply and to improved demand.

Truck Crops for Canning

Smaller Pack of Vegetables This Year.

The planted acreage and production of 11 truck crops for manufacture in 1939 was about 20 percent below that of 1938. This decline—which was to be expected in view of the well-defined production cycle in these crops—will be reflected in an equivalent reduction in the total pack of vegetables. But because of the record carry-over of canned vegetables at the beginning of the 1939–40 season, total supplies, though probably about 12 percent below the high level of 1938–39, exceed the recent 5-year average consumption. Wholesale prices show appreciable improvement over those of a year ago.

If prices at which canners offer to contract acreage maintain their usual relationship to wholesale prices of the canned products during December and January and if the present trend of such prices continues into those months, it is probable that the contract prices received by growers for their 1940 acreage will be generally above those of 1939.

Sweet Corn Acreage Could Stand an Increase.

To provide enough canned sweet corn to meet average consumption in 1940–41 it would be necessary to plant approximately 362,000 acres of sweet corn for manufacture, or an increase of about 50 percent over the planting in 1939. Assuming average yields, a pack of 17 million cases of 24 No. 2 cans could be packed from this acreage. A pack of this size plus a carry-over of 3.9 million cases from the 1939–40 season would assure a supply of 21 million cases, which would be enough to meet normal disappearance and leave an average carry-over of 3 million cases for the 1941–42 marketing season.

The supply (pack plus carry-over) in the current season is approximately 21.8 million cases, which is 3.2 million cases below the record supply of last season.

Large Supply of Snap Beans.

A 1940 pack of about 7.6 million cases of snap beans probably would be enough to meet average consumption requirements and reduce the carry-over to about average proportions. Such a pack probably could be obtained from about 80,000 tons. If yields and abandonment are near average, a planting of 58,100 acres in 1940, or 12 percent more than in 1939, would produce the required pack.

In the fall of 1939 wholesale prices for canned snap beans advanced somewhat above the low levels established during the 1938–39 season. Prices paid to growers for the 1939 crop of snap beans are near record low levels.

Larger Acreage of Green Peas Might be Considered.

Indications are that the supply of canned peas in the 1939–40 season will total 25.5 million cases (16.1 million pack and 9.4 million carry-over), or somewhat more than enough for normal requirements.

To provide for average consumer requirements of 20 million cases in 1940–41 and an average carry-over at the end of the season, a planting of 325,000 acres of peas for canning and quick freezing, with yields and abandonment about equal to the average of recent years, will be needed in 1940. This planting indication is based upon the assumption that about 5 million cases (24 No. 2 cans) of peas will be carried over from the 1939 supply and that the equivalent of 1.5 million of this quantity will be available for consumption in 1940–41, together with a new pack of 18.5 million cases.

The tonnage required for this pack could be produced from about 270,000 harvested acres if yields were equal to the average of the last 10 years. In addition, it is probable that an increased tonnage of peas will be needed for quick freezing in 1940, or the equivalent of about 29,000 harvested acres. This would make a total harvested acreage of 299,000 acres. If abandonment in 1940 is about the same as the average for the last 10 years, 8 percent, the total planted acreage in 1940 would need to be about 325,000 acres, or an increase of about 28 percent over the relatively small acreage planted in 1939.

Tomato Acreage Might be Increased.

With average yields, a planting of 466,000 acres of tomatoes for manufacture in 1940 probably would provide for all normal requirements in the 1940–41 marketing season. This acreage would be 28 percent more than the 1939 planted acreage.

Total supplies of canned tomatoes in 1939 are indicated as being slightly smaller than in 1938 and only slightly larger than average annual disappearance. As a consequence, the carry-over into 1940 probably will be less than normal. Supplies of tomato juice and other products in 1939 are also likely to be somewhat smaller than in other recent years.

Flaxseed

Probably More Flax Next Year.

A further expansion in the acreage of flax in the United States seems probable for 1940. Returns per acre from flax were larger than those from wheat in 1939, current prices for flaxseed are relatively much higher than for wheat, and the Agricultural Adjustment Administration program for 1940 is as favorable to the production of flax as was the program for 1939. Production in excess of domestic consumption is not anticipated, however, unless abnormally high yields are obtained.

World supplies of flaxseed for the remainder of 1939 are about the same as a year earlier. But present indications are that the Argentine crop for 1939–40 may be considerably larger than it was last year. With a relatively large crop in the United States in 1939 and a possible further increase in 1940, world supplies of flaxseed in 1940 probably will exceed those of 1939.

Price Improvement Doubtful.

Because of the war, a decrease in European demand for flaxseed is expected in 1940. United States demand probably will be maintained near present levels, or may be improved, but with a decline in European demand and increased world supplies of flaxseed, it is probable that world flaxseed prices in 1940 will be lower than in 1939 unless commodity prices generally make a substantial advance. On the other hand, shipping costs from Argentina to the United States will be higher in 1940 than in 1939, which will tend to increase the spread between flaxseed prices in Argentina and the United States.

The acreage of flax seeded in the United States in 1939 was more than double the abnormally low seedings in 1938. More than four-fifths of the increase was in the spring-wheat area (comprising Minnesota, North Dakota, South Dakota, and Montana), but there was considerable expansion in Kansas and California. Flaxseed production has now approached or attained commercial proportions in southern Texas, Arizona, Oregon, Washington, and Idaho. It is estimated that about 43,000 acres were harvested in the last-named States, the production being 500,000 to 600,000 bushels in 1939. As in previous years, production in these States has not been included in the United States production estimates of the Crop Reporting Board.

Clover and Alfalfa Seed

Supplies of clover and alfalfa seed are somewhat smaller than in the fall of 1938 but a little larger than usual. Prices of clover seed are about one-tenth higher than in 1938 but about one-fourth lower than the 5-year (1933–37) average. Prices of alfalfa seed are slightly below last year, but a little above average.

Red Clover Crop 27 Percent Under Last Year.

Production of red-clover seed in 1939, estimated at approximately 80,600,000 pounds of thresher-run seed, is about 27 percent smaller than the large crop of 1938, although about 36 percent larger than the 10-year (1928–37) average. Decreased production this year is attributed to a smaller acreage.

Prices to growers in surplus-producing districts the latter part of October averaged about $14 per 100 pounds, basis clean seed, as compared with $13, the price last year and $19.20, the 5-year (1933–37) average.

Alsike Also a Fourth Smaller.

The 1939 production of alsike-clover seed, estimated at 19,500,000 pounds, is about 24 percent smaller than the 1938 crop but is about average. Decreased production in 1939 is attributed to the dry weather in the summer and fall of 1938 in a number of important districts.

Large Alfalfa Seed Crop.

Production of alfalfa seed in 1939, estimated at 74,100,000 pounds, is about 24 percent larger than in 1938 and 31 percent larger than the 10-year average. The increase over the 1938 production is most marked in the northern group of States.

Late October prices to growers for common alfalfa seed averaged about $16.50 per 100 pounds, basis clean seed, compared with about $17 last year and $15.90, the 5-year average for corresponding dates.

Imports of alfalfa seed during the last fiscal year were 3,263,600 pounds, compared with 4,589,600 pounds in the preceding year and 782,500 pounds, the 5-year average.

Dry Beans

Large Carry-over of Beans.

The supply of dry edible beans for the 1939–40 season is indicated to be only about 2 percent smaller than last year's large supply and approximately 19 percent larger than the average for the 5-year period 1933–37. The 1939 crop is estimated to be 8 percent smaller than last year, but carry-over stocks of beans on September 1, 1939, were a third larger than the previous record stocks of 1938.

The 1939 crop is estimated at 14,137,000 bags of 100 pounds each. With a record carry-over, estimated at approximately 3,000,000 bags, the total 1939–40 United States supply is 17,137,000 bags.

Will Better Market Warrant Larger Acreage?

Under normal conditions the acreage planted to beans in 1940 would be expected to decrease slightly. With a somewhat broader demand and an upward trend in prices as a result of war and increased urban incomes in the United States, growers may be inclined to increase their acreage. But present supply apparently is 4,000,000 bags more than normally would be used in the 1939–40 season.

Soybeans

A Rapidly Increasing Crop.

The soybean production for 1939 is placed at about 80,000,000 bushels, or about 38 percent above last year's record harvest. All the important producing States have shared in this year's increase except North Carolina.

The 1939 acreage of soybeans grown alone for all purposes in the United States is estimated at 8,119,000 acres, as compared with 6,858,000 in 1938. This is the largest acreage of soybeans ever planted in this country, and this is the third consecutive year in which an increase has taken place over the acreage planted the preceding year. Most of the increase this year is in the North Central States, where the acreage is 26 percent above that of a year earlier. Acreage in the Southern States was increased only about 5 percent.

War is Stimulating the Market.

Since the outbreak of the European war, the domestic demand for soybean products has improved. This has been reflected in a rise in prices despite the large supplies of soybeans and competing products available. Exports of soybeans from the 1939 crop will exceed the 1938–39 record of 4,400,000 bushels.

As a result of recent advances, farmers are receiving somewhat higher prices for their soybeans this fall than last. If present farm-price relationships are maintained, a further expansion in soybean acreage is probable in 1940.

Peanuts

Peanuts Helped by Diversion Program.

Peanut acreage, which has been increasing during late years, is likely to continue large in 1940. Chiefly because of the diversion program of the Agricultural Adjustment Administration, returns from the 1939 peanut crop, picked and threshed, are expected to be relatively favorable as compared with returns from cotton and other competing crops. Peanut production in 1939 was slightly less than the record crop of 1938.

The quantity of peanuts available for crushing in 1939–40 probably will be at least 200 million pounds. Peanut crushings from 1934 to 1938 averaged about 265 million pounds annually, as compared with about 70 million pounds in the period 1929-33. The increase in crushings in the last 5 years has resulted largely from the peanut-diversion program, which also helped the prices of peanuts.

The amount of peanut-diversion payments made in 1939–40 will depend largely on prices of peanut oil. Total supplies of edible fats and oils are unusually large, but the demand for and prices of such fats and oils in 1939–40 are expected to be somewhat stronger than a year earlier.

Record Acreage in 1939 But Lower Yield.

The acreage of peanuts picked and threshed in 1939 [1] will be 6 percent above the 1938 record acreage and about 32 percent above the 1928–37 average. Estimated yield per acre is somewhat lower than average. Indicated production of 1,232,520,000 pounds is about 6 percent less than the record 1938 production but 25 percent above the 1928–37 average production. Stocks of old-crop peanuts at the beginning of the 1939–40 season were relatively small.

In recent years there has been an increase in the consumption of peanuts for edible purposes. Annual utilization of peanuts through this outlet averaged around 700 million pounds in 1928–37, but more recently such use has averaged about 800 million pounds. With higher consumer incomes in prospect, takings by the edible trade in 1939–40 may increase somewhat over the recent average, and utilization for seed, home consumption, etc., on farms where grown, may amount to about 170 million pounds. But at least 200 million pounds of the 1939 crop will be available for crushing.

Tree Nuts

One-fifth More Nuts Than in 1938 and Prices Low.

The trend in production of tree nuts is expected to continue moderately upward during the next few years. Combined 1939 production of walnuts, almonds, pecans, and filberts is expected to amount to approximately 111,900 tons.[1] This is 20 percent more than the 1938 total crop, and 18 percent more than the average for the 5 years 1933–37. Prices received by growers for tree nuts fell to low levels in 1930 and 1931. Although almond prices have made a substantial recovery since, they are below pre-depression levels, and prices of other nuts still average about as low as in the depression years.

The basic trend in the production of Persian (English) walnuts continues upward. A crop of 59,500 tons is expected in 1939, or 17 percent more than in 1938.

The production of improved (budded) varieties of pecans is expected to continue to increase gradually during the next few years, given average growing conditions. The 1939 crop is expected to amount to about 10,700 tons, 22 percent more than in 1938.

The seedling pecan crop varies greatly from year to year; practically no trend is discernible through the last 15 years. The basic tendency is believed to be stationary or slightly upward. A crop of about 19,200 tons, 19 percent more than in 1938, is expected in 1939.

An almond crop of 19,000 tons is expected in 1939—1,000 tons short of the record 1937 crop. Assuming average growing conditions, an average production in the neighborhood of 18,000 tons seems probable for the next 5-year period. New plantings have been heavy in the last 5 or 6 years, and most of them have been made on irrigated land, where growing conditions are favorable.

Commercial production of filberts is young and rapidly expanding. From 60 tons in 1927, the first year officially reported, United States production has increased to an expected 3,500 tons in 1939. The crop may possibly be as large as 5,000 tons by 1945.

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[1] Production figures for all nuts are the indicated production figures as of October 1, 1939.

Feed Crops.

Feed Grains

Supplies of feed grains are approaching a better balance with livestock numbers. The increase in livestock during 1939 will be about 7 percent and a further increase in numbers will occur in 1940 unless prevented by drought. The carry-over of feed grains next summer will be large but will be little if any larger than the carry-over last summer, and a much larger proportion will be under seal. The acreage of feed grains in 1940 is not expected to show any material increase over the low acreage of the last 3 years. If growing conditions are no more favorable than the average during the last 50 years the total feed-grain supply next fall, including the sealed corn, will be less per unit of livestock than it was in the fall of 1939.

Supplies of both forage crops and feed grains in the United States are again above average and, except in limited areas, are more than ample to meet livestock requirements. If there is deducted from the feed-grain supply the quantity of corn now under seal, the remaining supply is slightly above average in total quantity and in pounds per unit of livestock to be fed.

Supplies of feed for grains, 1939–40, including sealed corn, amounted to about 110 million tons, as compared with 104 million tons last year and 101 million tons for the period 1928–32. These figures include October 1 stocks of corn and oats plus November 1 indicated production of corn, barley, and grain sorghums.

Corn

Corn Supply Above Average.

The total supply of corn for 1939–40, including the November 1 indicated production of 2,591 million bushels and 561 million bushels carry-over, is 3,152 million bushels. This compares with 2,905 million bushels last year and 2,718 million bushels for the 1928–32 average.

About 250 Million Bushels Under Seal.

Of the 1938 supply, about 257 million bushels were sealed for loans, leaving 2,647 million bushels unsealed. Practically all of this 257 million bushels will be resealed or held by the Government. The total quantity of 1939 corn sealed may be as large as the quantity of 1938 corn sealed. In this event, the total quantity of corn neither under seal nor held by the Government will be no larger than the total quantity of unsealed corn available during 1938–39.

Hybrid Corn Is Raising Yields.

Rapid increase in the use of hybrid corn in the Corn Belt has been an important factor in raising the yields of corn lately. In 1936 less than 5 percent of the corn acreage in Iowa, Indiana, and Illinois was planted to hybrid corn. This year more than three-fourths of the corn acreage in Iowa and over 60 percent of the corn acreage in Indiana and Illinois were planted to corn hybrids.

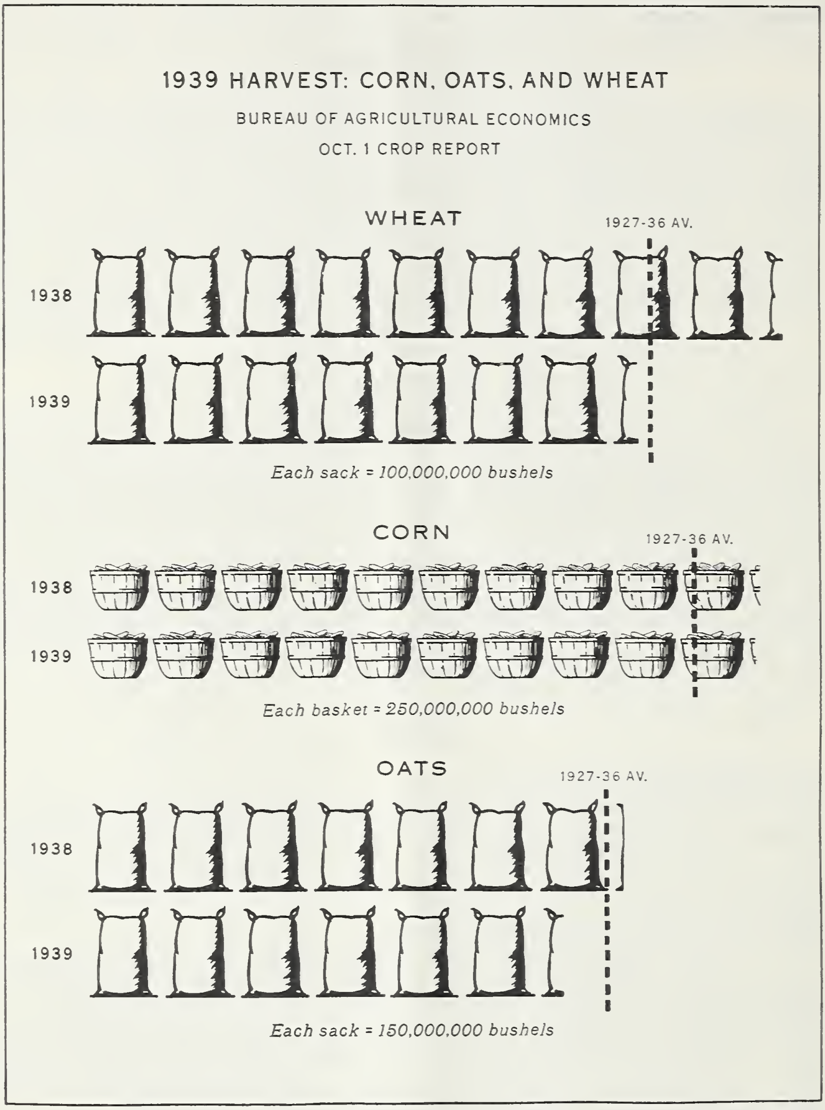

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Figure 8.—Corn was better than an average crop in 1939, wheat fell slightly below average, and the oat crop was short. The supply of oats for the coming season is about 17 percent below average. The total supply of feed grains, however, is again above average.

Oats

Oat Supply Short.

The 1939–40 supply of oats is now estimated to be 1,132 million bushels, as compared with 1,257 million bushels last year. This estimate includes the October 1 indicated crop of 941 million bushels and the estimated carry-over on July 1 of 191 million bushels.

This indicated supply is 17 percent below the 1928–32 average and is lower than the supply in any of the last 12 years with the exception of the drought years 1933, 1934, and 1936.

Barley

Barley Supply Large.

The 1939–40 barley supply, including the indicated production on October 1 and the June 1 carry-over, is 328 million bushels, which is the largest supply since 1928, and compares with a total supply of 289 million bushels last year. But yields were lower than in 1938, and the increased supply this year was due to a 2-million-acre increase in the acreage seeded to barley and a 22-million-bushel increase in the carry-over.

Increase Available for Feeding.

The supply of barley available for feeding this year will probably be larger than during the last 2 years. The 1937 supply of barley totaled about 248 million bushels, about 61 million bushels of which was used in the production of alcoholic beverages. Of the 1938 supply of 289 million bushels, about 57 million bushels was used for alcoholic beverages. As it does not appear probable that there will be any substantial increase in the quantity of barley used by these industries in 1939–40, practically all of the increase in the barley supply will be available for feeding. Exports of malting barley are expected to be greatly reduced.

Grain Sorghums

Grain Sorghum Crop Below Last Year.

The 1939 grain-sorghum crop was indicated on November 1 to be about 86 million bushels, or 14 percent below the production in 1938 and about the same as the 1928–37 average.

Yield Is Low.

The slightly above-average production this year was due to increased acreage, since the November 1 indicated yield of grain sorghums was only 9.9 bushels per acre, as compared with 12.9 bushels last year and 11.8 bushels for the 10-year average. Yields of grain sorghum were low this year over large parts of Kansas, Texas, and Colorado—the result of heat and dry weather.

Sorghum Acreage Increasing.

There has been a marked expansion in the acreage planted to grain sorghums in the western Corn Belt during the last few years. The drought-resistant qualities of the crop and the development of improved varieties are largely responsible for this increase.

Byproduct Feeds

Plenty of High-Protein Feed.

As a result of the greatly increased production of soybeans and flaxseed, the supply of high-protein feeds this season will probably be above that of last year, and much above average. The supply of other byproduct feeds this season is expected to be about the same as that of last season. On the other hand, the quantity of wheat fed during the remainder of the season will be smaller than the average for the same period in recent years.

Hay

Plenty of Hay Except in Few Local Areas.

Pastures in 1939 did not furnish as much feed as in 1938, and the hay crop is about 7 percent smaller than that harvested in 1938 but 8 percent larger than the previous 10-year average. The carry-over of hay from the large 1938 crop was the second largest in the 30 years for which records are available.

The supply of hay per hay-consuming animal is the second largest since 1928, having been exceeded only a year ago. The condition of fall pastures was much below average on October 1, but with feed-grain supplies sufficient for ordinary needs and plenty of hay in most areas, the farm stocks of hay may reasonably be expected to be larger than average again next spring.

Hay Cheap in Recent Years.

Large supplies of hay, together with rather small numbers of hay-consuming livestock on farms since 1936, have made hay very cheap as compared with livestock.

Because of short rainfall, the 1939 yields per acre of both tame and wild hay were generally below the 10-year average in the East as far south as the Potomac River, in most States west of the Rocky Mountains, and in much of the western Great Plains area between Wyoming, central Nebraska, and the Mexican border.

On the other hand, yields of tame hay were generally above average in a broad belt extending from Canada to the Gulf of Mexico, between the Great Plains and the Appalachian Mountains. The relatively high yields in this central area were partly the result of fairly good growing conditions this year and partly due to a continuation of the shift in recent years toward higher yielding kinds of hay.

Livestock and Livestock Products.

Meat Animals and Meats

More Meat Next Year.

Livestock slaughter, and meat and lard production, in 1940 will be heavier than in 1939; an increase of 8 or 9 percent in the total dressed weight of livestock slaughtered under Federal inspection seems probable. The increase in 1940 over 1939 will be mostly in pork and lard, as little change is expected in the production of beef and lamb.

Total production of meat has been increasing since 1937, following a period of short production from 1935 through 1937 resulting chiefly from the severe droughts of 1934 and 1936. Per capita production of federally inspected meats and lard in 1940 will be larger than in any recent year and may be about equal to the 1929–33 average.

Consumer demand for meats in the United States in 1940 is expected to be stronger than in 1939. Foreign demand for pork and lard also is expected to be stronger.

Effects of the increase in demand upon the general level of livestock prices will be offset largely by the prospective increase in slaughter supplies. The increase in slaughter supplies of hogs will have an important influence upon prices of both cattle and hogs. The expansion in domestic consumer demand will be a much stronger price-supporting factor than the increase in foreign demand.

Hogs

Probably 20 Percent More Hogs Slaughtered This Year.

The number of hogs slaughtered under Federal inspection in the present hog-marketing year, October 1939–September 1940, probably will be about 20 percent greater than the number slaughtered in the 1938–39 marketing year. Slaughter in the present year may be a little larger than the pre-drought (1929–33) average. Average weights of hogs marketed probably will continue relatively heavy.

Some Further Increase in Pig Crop Likely.

In view of abundant feed supplies and the prospects for a hog-corn ratio about average or somewhat above average, a further increase in the number of pigs raised is expected in 1940. There is little likelihood, however, that the increase in the pig crop in 1940 will be anywhere near as large as that which occurred in 1939. The fact that a considerable part of the 1939–40 corn supply will be held under loan or held by the Government will be an important factor tending to prevent a large increase in production in 1940.

The larger hog slaughter this year will be a reflection of the marked increases in the spring and fall pig crops of 1939 over those of 1938. According to the June pig-crop report, the 1939 spring-pig crop, totaling 52.3 million, was 8.9 million larger than the spring crop of 1938. It was also indicated that the number of sows to farrow in the fall of 1939 would be about 16 percent greater than the number that farrowed in the fall season of 1938.

If the number of sows that farrow in the fall of 1939 is about as indicated and if the average number of pigs saved per litter this fall is about average, the combined spring and fall crops will total about 83 million. This number would be about 17 percent larger than the total 1938 crop, and it would be one of the five largest crops on record.

If the total pig crop for 1939 is about 83 million, it seems probable that inspected hog slaughter in the 1939–40 marketing year will total about 47 million. That would be the largest slaughter since 1932–33.

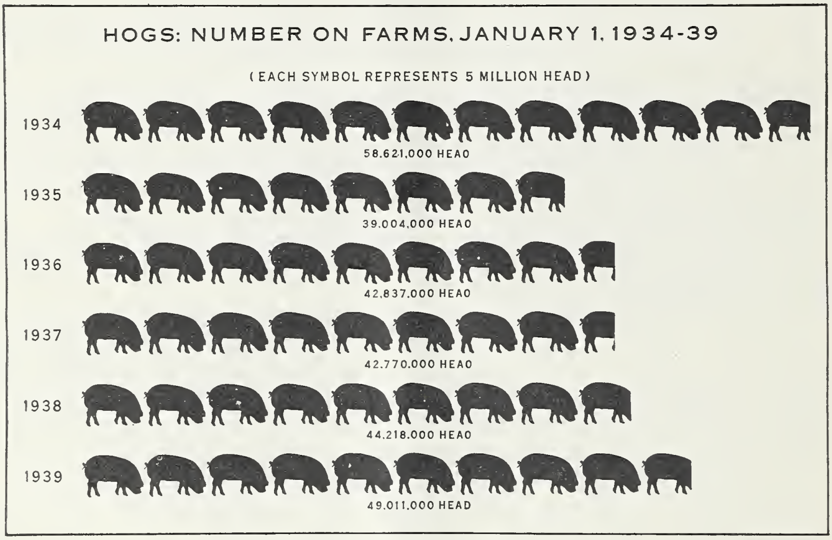

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Figure 9.—The short corn crop of 1934 resulted in a reduced number of hogs in 1935. Hogs have been on the increase since that year. It is expected that the number of pigs raised in 1940 will show some further increase.

The number of pigs raised in the Corn Belt area west of the Missouri River is still below the predrought average, but in the remainder of the western Corn Belt the number is about average. In the eastern Corn Belt the number of pigs raised this year will be larger than average. Consequently, it seems probable that slaughter in the first quarter of 1939–40 will not be a larger proportion of the yearly total than it was in 1938–39. In view of the increase in the spring pig crop in part of the western Corn Belt, slaughter in the second quarter of 1939–40 may be about as large as slaughter in the first quarter of the year.

Storage Stocks of Pork and Lard About Average.

At the beginning of October, storage stocks of pork were 8 percent larger than a year earlier, while stocks of lard were 13 percent smaller. Stocks of both pork and lard on October 1 were somewhat smaller than the 1933–37 average stocks for that date. Accumulations during the 1939–40 winter season are likely to be greater than in the winter season a year earlier.

Exports Increasing.

Exports of both pork and lard thus far in 1939 have been materially larger than in the corresponding periods in 1937 or 1938, and larger than at any time since the drought of 1934 cut the corn crop so severely. About 84,000,000 pounds of pork were exported from the United States in the first 7 months of 1939, an increase of 40 percent over exports in the corresponding months of 1938. Lard exports in 1939, totaling 166,000,000 pounds, also were about 40 percent larger than those in 1938.

Imports of pork thus far this year, amounting to about 32,000,000 pounds, have been smaller than the imports of the corresponding periods of 1937 and 1938. It is probable that the war in Europe will virtually stop imports, most of which have been coming from Poland.

Beef Cattle

Total slaughter of cattle and calves in 1940 is expected to be somewhat smaller than in 1939. Steer slaughter probably will show little change. But marketings of breeding stock in the Western States, where a lot of stock has been liquidated since 1934, are expected to be reduced if feed crop and range conditions are near average next year.

Cattle Increasing.

The number of cattle is expected to be about 2 million larger on January 1, 1940, than a year earlier. Most of the increase during 1939 has taken place in Minnesota, Iowa, and Missouri, and in States east of the Mississippi River. In the last-named area, numbers in early 1940 will be the largest on record.

More Cattle in Feed Lots.

With abundant supplies of feed grains in the central and eastern Corn Belt and favorable returns from cattle feeding during last season, the number of cattle fed in the Corn Belt this winter is expected to be larger than that of 1938–39. Cattle feeding in the Western States probably will be on a smaller scale than last season, for the poor range and pasture conditions of last summer have resulted in a heavy movement of western cattle eastward, and feed-grain supplies in the West are smaller than a year earlier.

Most of the increase in cattle feeding in the Corn Belt this year is expected to be in the States east of the Missouri River with the largest increase in the central Corn Belt. Because of the small production of corn this year in the Corn Belt States west of the Missouri River, any increase in cattle feeding in these States is likely to be small.

Cattle on Upswing of Production Cycle.

Cattle numbers on January 1, 1940, are expected to show a substantial increase, continuing the upward swing in the cattle cycle that began during 1938. Present indications (based upon tentative estimates of calf crop and imports, slaughter, and death losses) point to a total cattle population on next January 1 of about 68,800,000, which, while materially below the peak numbers of 1934, would be much above the average of the past 20 years.

The calf crop of 1939 apparently is a little larger than the crop of 1938, and imports of cattle are much larger. Inspected slaughter of cattle and calves in 1939 is estimated at about 14,400,000 or about 800,000 smaller than in 1938, and total slaughter will hardly reach 23,000,000. Death losses of cattle and calves in 1939 will be little different from a year earlier.

If 1939 had been a fairly favorable year for feed and forage production and for range growth in the western area, undoubtedly a substantial increase in cattle numbers would have occurred there this year. That is the area where the decline in cattle numbers has been the greatest during the last 6 years and where present numbers are below the average of the past 20 years.

If feed conditions in the western cattle States next year should be average or better, a considerable increase in cattle in these States probably will take place regardless of the price situation.

With cattle numbers at present levels, a total yearly slaughter of 25,000,000 cattle and calves can take place without reducing cattle numbers. Such a slaughter is much above the average of the 15 years 1920–34.

Cattle prices during the last few years have been maintained at considerably higher levels than would have prevailed except for the marked shortage in hogs. Hog production is now back to the predrought level and total production of meats in 1940 will be above average, and may approach record figures. Under these conditions it would seem that cattle producers might well utilize the coming period of improved demand to market fairly heavily rather than to increase numbers and potential production by building up herds in a period of high prices.

Sheep and Lambs

No Great Change in Sheep Numbers.

The number of stock sheep on farms and ranches at the beginning of 1940 probably will not be much different from the number at the beginning of 1939 (when it was 48 million). The trend in sheep numbers during the next few years may be moderately upward, especially if range conditions in the western sheep States are favorable. In the native sheep States, the number of stock sheep on January 1, 1940, is expected to be the largest in recent years, and some further increase in this area may occur after 1939.

More Lambs on Feed.

Present indications are that the number of lambs fed in the Corn Belt, in the 1939–40 feeding season, will be materially larger than in the 1938–39 season. The increase in the Corn Belt, however, will be partly offset by some reduction in the number fed in the Western States. In the Corn Belt area east of the Missouri River, abundant feed supplies will encourage lamb feeding. But feed production in the western region is considerably smaller in 1939 than it was in 1938.

Lamb Price Outlook Fairly Good.

Prices of lambs in the 1939–40 fed-lamb marketing season (December–April) may average higher than in the 1938–39 season.

Slaughter supplies of lambs in the 1939–40 season (December–April) are expected to be somewhat larger, but the effects of the increased supplies will be offset by better demand for meats and higher prices for wool obtained from slaughter lambs.

Wool

Wool Used Up Rapidly This Season.

Stocks of apparel wool in the United States at the beginning of the 1939 marketing season on April 1 were much smaller than a year earlier. Imports of wool from April through August 1939 were larger than in 1938, but the increase in mill consumption was greater than the increase in imports. On September 1, 1939, total stocks of wool in this country, including the unshorn portion of the 1939 clip, were much smaller than a year earlier and below the 5-year (1933–37) average.

In the first 5 months (April–August) of the 1939 season, domestic mill consumption of apparel wool averaged nearly 50 million pounds a month. If this rate of consumption is maintained during the remainder of 1939, as now appears probable, the consumption for the first 9 months (April–December) would be about equal to the estimated production of shorn and pulled wool for 1939. Consequently the carry-over into the new season, beginning April 1, 1940, will be small, unless imports in the current season exceed mill requirements for the first quarter of 1940.

Table 2.—*Apparel wool, grease basis, in the United States*

Year beginning Apr. 1	Production	General imports [1]	Mill consumption	Year beginning Apr. 1	Production	General imports [1]	Mill consumption
	Million pounds	*Million pounds*	*Million pounds*		*Million pounds*	*Million pounds*	*Million pounds*
1935–36	431	83	[2] 673	1938–39	436	49	[3] 544
1936–37	427	164	582	April–August 1938	[4] 436	7	189
1937–38	433	60	407	April–August 1939	[4] 440	30	247

[1] Weight as reported—greasy, scoured, and skin wool added together.
[2] Stocks of apparel wool in the United States were large at the beginning of 1935.
[3] Bureau of the Census figure adjusted to 52-week basis.
[4] Production for entire year. Figure for 1939 includes pulled wool estimate equal to 1938 production of pulled wool.

Imports from the Bureau of Foreign and Domestic Commerce. Consumption from the Bureau of the Census.

Smaller Carry-Over in Southern Hemisphere.

The carry-over of wool into the 1939–40 season in the principal exporting countries of the Southern Hemisphere was much smaller than a year earlier and was estimated to be smaller than the average carry-over in the 5 years 1933–37. No marked change in wool production is in prospect for the new season, and it appears probable that total supplies for the 1939–40 season will be smaller than those of 1938–39 but will be equal to, or slightly larger than, average supplies for the 5 years 1933–34 to 1937–38.

British Empire Has Ample Wool.

Total production of wool in Australia, New Zealand, and the Union of South Africa in 1939 probably will be a little more than 1.5

billion pounds. In 1938 the total retained imports of wool into the United Kingdom and France was about 1 billion pounds. Imports were relatively large in 1938. Such figures indicate that, even with the increase in requirements as a result of the war, the production of wool in the three British Empire countries of the Southern Hemisphere in 1939–40 probably will exceed the import requirements of the United Kingdom and France.

Mohair

Situation Improved.

The mohair situation has improved considerably in 1939 and probably will improve further in 1940. Prices this year have been substantially higher than in 1938, and most of the 1939 mohair clip had been sold by the end of October.

Demand for mohair in 1940 will be strengthened by the probable increase in the output of automobiles. Because of the war situation and the small domestic stocks, prices of coarse wools have risen sharply, and as mohair is frequently used for the same purpose as coarse wools the higher prices for such wools are an important strengthening influence on prices for mohair.

Total domestic production of mohair in 1939 will be slightly larger than the 16.8 million pounds produced in 1938, on the basis of the indicated production in Texas, where more than 80 percent of the mohair is produced. The 1933–37 average production of mohair was 16.1 million pounds. As a result of rains in the late summer, range conditions are favorable in most of the goat-producing area of Texas, and it is probable that mohair production in 1940 will be at least as large as in 1939.

Dairy Products

Dairy Herds on the Increase.

Increases in the number of milk cows during the next 2 years are expected to be more rapid than during the last 2 years. The number of young stock on farms is more than enough to provide for normal replacements to dairy herds in 1940 and 1941. At the beginning of 1939 there were 25 million milk cows on farms. The number increased 1 percent in 1938, and another 1 percent in 1939.

Long-time upward tendencies in dairy-cow numbers seem to be most marked in the northeastern and Lake States dairy regions, the Corn Belt, and the Cotton Belt. For the next few years the northern dairy regions may be expected to show the greatest increase. Over the longer period the Corn Belt and the Cotton Belt are likely to assume greater importance.

About as Much Milk This Winter as Last.

During the 1939–40 winter-feeding season, milk production is expected to be about as large as the heavy winter production a year earlier. As far as can be foreseen at present, it is probable, that, with increases in the number of cows, the trend in milk production will be gradually upward, as long as feed supplies per animal unit are relatively high.

Farmers Raising More Calves.

More significant than the increase in the number of milk cows is the increase in the number of heifers and heifer calves being saved for milk cows. The droughts in 1934 and 1936 and the short supplies of feed on farms during the early part of 1935 and 1937 tended to reduce the number of calves saved in those years.

On January 1, 1939, the number of heifers 1 to 2 years old and the number of heifer calves were both about 5 percent higher than a year earlier. The number of heifer calves was about the same as the peak on January 1, 1934. There were further increases in the number of heifers during last year.

By January 1, 1940, it is expected that there will be about 5,400,000 heifers 1 to 2 years old on farms. This would be equivalent to 21 heifers per 100 cows and would be the highest number of heifers in relation to cows in the 20 years of record, and decidedly more than needed for ordinary replacements. During the 15 years, 1920–34, the number of cows eliminated from herds averaged 18 per 100 cows on hand at the first of the year.

The number of heifer calves being saved for milk cows on January 1, 1940, is expected to be about 5,800,000. This would be 3 percent more than a year earlier and the highest number ever reported and the highest on record in relation to the number of cows on hand. Calves in this age group would ordinarily be added to milking herds in 1941.

Milk Production Up Slightly.

Milk production on farms in 1938 was estimated to be 107 billion pounds. This was nearly 4 percent larger than in 1937 and considerably higher than the preceding peak in 1933. On the basis of preliminary indications, it appears that production in 1939 will be about 1 percent higher than in 1938.

During the last 15 years, annual milk production per cow has varied from a low of 4,029 pounds in 1934 to a peak of 4,578 pounds in 1929.

Butter Production Up a Little, Cheese Down.

Production of manufactured dairy products in 1939 will probably be about as high as in 1938. During the first 8 months of 1939 creamery butter production was about the same as in the like period of 1938. Production of evaporated milk also was about the same, but cheese production was considerably lower. Production of ice cream was probably somewhat higher than in 1938.

Low Prices.

Prices of dairy products reached the recovery peak in the latter part of 1937 but declined rapidly during the first part of 1938. This decline was due primarily to the general decline in commodity prices and business from the 1937 peak and to the increase in production of manufactured dairy products. During the summer and fall of 1938, large purchases of butter by the Dairy Products Marketing Association supported prices. During January and February 1939, purchases by the Federal Surplus Commodities Corporation also supported the butter market. From early March until late July 1939 no market purchases of butter were made by governmental agencies.

Even though prices for butter were unusually low during the first 8 months of 1939, the relationship between butterfat and feed-grain prices was about as favorable for dairy producers as in the period 1925–29. Prices of butterfat have been low in relation to beef cattle and calves, and low in relation to hogs. During the past spring and summer, however, prices of hogs declined in relation to butter, and in August the relationship was about the same as the long-time average.

During the sharp rise in prices in September 1939, prices of butter did not rise so much as prices of grains and hogs. This change, however, has not altered the outlook for production during the coming winter. In the period 1914–18, prices of dairy products did not rise so much as those of feed grains and hogs, but it was not until the war had been in progress for some time that the difference was striking.

Aside from the uncertainties arising from the war situation, the continuing production shifts in agriculture which appear to be under way are such that long-term prospects are for increases in dairy production. On the consumption side, too, some further increase in population and in per capita consumption are expected.

Chickens and Eggs

Some Increase in Size of Flocks.

On September 1, 1939, laying flocks were 2 percent below the 10-year average for that date, but 4 percent above the low level of last year.

The increase over last year in the number of pullets indicates that flocks may be somewhat larger during the coming year than during 1939, although the present unfavorable feed-egg ratio will tend to restrict the increase. Laying flocks may average smaller during 1941 than during 1940.

Egg Output Increased.

Egg production, January to September 1939, as reflected by sample farm flocks, was 4 percent greater than during the same period last year and 6 percent above the 1928–37 average. Increased numbers of layers have more than offset the slight decrease in the laying rate per bird.

With some increase indicated in the number of layers next year and no great change probable in the laying rate per bird, total egg production during the coming year may be slightly larger than in 1939. But because of the expected smaller hatch in 1940, egg production in the last few months of that year may be smaller than in 1939.

Cold-Storage Stocks Up Slightly.

Stocks of shell eggs in cold storage in the United States at the peak of the 1939 season, August 1, were larger than a year earlier by about 600,000 cases, or 10 percent. Stocks of frozen eggs were larger by a quantity equivalent to about 260,000 cases of shell eggs, or 7 percent. Combined stocks of shell and frozen eggs were about 8 percent above the abnormally low stocks of last year but 8 percent below the 1928–37 average.

Egg Prices Down.

Prices received by farmers for eggs were lower than last year during most of the first 8 months of 1939. Better demand was more than offset by larger supplies, particularly in January and from April through June. Since July 1, larger storage stocks have tended to keep prices below those of last year. Prices may be higher in 1940 than in 1939 because of expected increase in consumers' incomes.

The peak in the production of eggs on farms—about 39 billion—was reached in 1930. Because of droughts and unfavorable economic conditions, production declined to about 33 billion in 1935, but it increased to 37.6 billion in 1937. In view of the productive capacity of the poultry industry as demonstrated in 1930, it seems reasonable to expect some further increase in production.

Turkeys

Record Crop in 1939.

The number of turkeys raised in 1939 was about 32 million, which was 22 percent more than were raised in 1938 and 15 percent more than the previous record crop of 1936. Large increases were reported in all areas. The average live weight of turkeys when marketed is expected to be slightly above that of last year. Although marketings began unusually early the proportion of the crop to be marketed after the end of November will be larger this year than last.

Prices Are Down.

As a result of the very large production of turkeys, prices will be lower for 1939 turkeys than for the turkeys of 1938. However, the effect of the larger supplies on prices will be partly offset by the effect of larger consumer incomes. Another factor that has helped to support prices during the last few years has been the notable increase in the use of turkeys throughout the year.

Probably Fewer Turkeys Next Year.

Large increases in production, such as occurred this year, have invariably been followed by recessions in production. Such a recession is to be expected next year. The extent of the decrease will depend partly upon the outcome of the present marketing season and partly upon the costs of feed next year. Prices of turkeys will be lower this year than last, but feed costs on the whole will probably not be greatly different. Feed costs in 1940 are expected to be above those of this year.

Horses and Mules

Number of Horses Still Shrinking.

Probability of increased tractor competition, declining prices for horses, inroads of disease in some sections, plus the old-age toll and a decreased colt crop, all point to a further decrease in the number of horses on farms.

The length of time this decline continues will depend largely upon the trend in colt production during the next few years. This trend will be determined by a number of factors—such as the price of work animals relative to prices of other livestock and to tractor prices and prices of feed grains and hay—which will influence farmers' decisions as to the relative returns from colt-raising as compared with other livestock production.

Exports of horses at present are too small to be a factor in reducing horse numbers; but a prolonged war in Europe might create some export demand for horses and mules.

Work Stock Has Decreased Since 1913.

Numbers of work stock on farms have decreased steadily since 1913. The increase in colt production from 1932–38 slowed up the rate of decrease but was not large enough to check the downward trend in horse and mule numbers. At the beginning of 1920 there were 26 million horses and mules on farms but by 1939 only 15 millions.

Horse Colts Again Decreasing.

The number of horse and mule colts under 1 year of age on hand January 1, 1939, was 778,000. This was 5.6 percent below the number a year previously. The increase in horse colts, which had been going on steadily since 1932, was checked in 1938 and on January 1, 1939 showed a decline of 8.3 percent from a year earlier, with the heaviest decreases occurring in the North Central States. The decrease in the number of colts in the North Central States can be attributed mainly to the competition of the smaller tractors and the retarding effects of sleeping sickness on colt production.

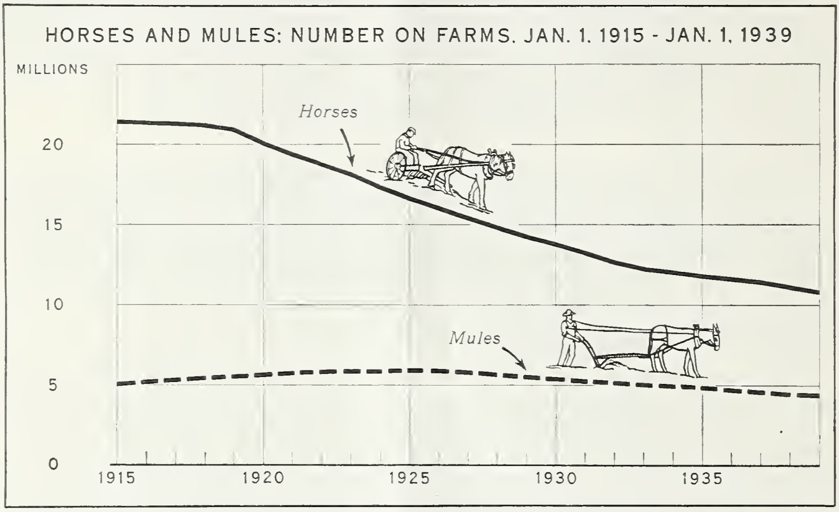

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Figure 10.—The number of horses has been decreasing steadily since the World War. At the beginning of 1920 there were 26 million horses and mules on farms, but by 1939 there were only 15 millions. The number of mules has declined less than that of horses, and mule colts are now on the increase.

Mule Colts Increasing.

In contrast to the reduction in numbers of horse colts, the production of mule colts continued to increase, and numbers on January 1, 1939 were 15.5 percent above numbers the year before. The combined numbers of horse and mule colts produced in 1938 were not large enough to offset the disappearance of work animals caused by ordinary death losses of older animals and rather heavy disease losses of younger animals.

The War and Agriculture.

On top of 20 years of readjustments following the World War, our farmers now face the economic effects of another great war. It overshadows all other elements in the world prospect.

In one respect the immediate situation differs from 1914 in that the warring nations have accumulated large supplies of raw materials. Crops generally throughout the world have been good for 3 years, and stocks are large. South America and Canada are now more important exporters of several major agricultural products than they were in 1914.

In the World War the Allies' vital agricultural requirements from overseas were breadstuffs, fats, and sugar, plus fairly large quantities of other food and feedstuffs and fibers. Will that be the story this time, after the first reserves have been used up?

The following is a brief summary of some wartime indications in respect to our farm products.

Cotton.

Mill consumption of cotton is expected to decrease in the belligerent European countries as a whole during 1939–40, as was the case during the World War. Mill consumption of all growths in foreign countries totaled about 21,700,000 bales in 1938–39.

Our exports totaled only about 3,300,000 bales in 1938–39—the smallest in almost 60 years—and stocks of American cotton abroad at the beginning of the season were comparatively small. Early-season prospects indicate a marked increase in exports from the United States during 1939–40.

If the British convoy system is successful, consumption of American cotton in the United Kingdom and France in 1939–40 may be not materially less than the 1,600,000 bales used in those countries last season. But consumption may decrease substantially in Germany and in German-controlled territory (Poland, Czechoslovakia, and Austria), where nearly 600,000 bales of American cotton were used in 1938–39.

But these anticipated decreases may be about offset by increases in the use of American cotton in the neutral countries of Europe, particularly Italy and Spain, and in Japan, where cotton-textile exports are expected to increase. Furthermore a substantial increase is expected in the United States.

Wheat.

Wheat consumption in belligerent countries declined during the World War and probably will decline somewhat during the present war. Moreover, during the last few years European countries have been building up their supplies of wheat until at present they are large as compared with the average or with 1914.

World wheat supplies now (estimated at 5.5 billion bushels) are 58 percent larger than in 1914, whereas consumption (about 4 billion) is only about 30 percent greater.

Shipments to Europe in 1914–15 were 504 million bushels. With the large crop in surplus-producing countries, shipments in 1915–16 rose to only 516 million bushels; then with the small crop in those countries in 1916 they declined to 498 million bushels in 1916–17. Shipments in 1938–39 totaled about 450 million bushels. In 1939–40 they are not expected to be so large.

In 1914 exports from Russia were large, but they then declined sharply. In recent years they have been small. During the last 5 years (1934–38) net exports from the Soviet Union have averaged 22 million bushels. It is not expected that exports will be large in 1939–40, for the crop in the Soviet Union appears to be of only moderate size and surplus supplies may be retained because of the hostilities in Europe.

Unusually large exports from the United States (234 million bushels) were possible in 1914 and in the first half of 1915 because of very small crops in Canada and Australia and a record crop in the United States. But the situation is different for 1939–40. Canada and Argentina have very large supplies. Surplus wheat in those two countries alone will total over 650 million bushels when the new harvest is in, which could more than supply probable world import requirements in the year ahead.

The United States now faces greatly increased competition as compared with the World War period, particularly in the important United Kingdom market—which may be expected to favor Canada and, if shipping losses do not prove heavy, Australia and possibly Argentina. United Kingdom imports of United States wheat and flour in recent years have been small. As for Italy and France, their own increased production comes close to satisfying their needs. Supplies in Germany in 1939–40 are large enough to meet its curtailed requirements even though no imports are made. Belgium and the Netherlands, however, do not have enough wheat, and both countries will continue to be important takers of United States wheat.

In August 1914, when war was declared, prices of wheat received by growers in the United States averaged 85 cents. In September they averaged 93 cents, in October 95 cents, in November 98 cents, and in December $1.03. This advance was largely a reflection of the small crop in Canada; subsequently there was a crop failure in Australia. In 1915, with a record crop here of more than a billion bushels, prices averaged slightly lower than for the previous crop. The 1916 crop was the first one that sold for much higher prices. In 1916–17 the world crop was short, and there was a sharp rise in the general price level.

Tobacco.

The United Kingdom is the most important foreign export market for tobacco. During the 1938–39 marketing year, the United States exported 228 million pounds of flue-cured tobacco to the United Kingdom (the record exported was 237 million pounds during the preceding crop year). The United Kingdom has a record supply of 543 million pounds of tobacco on hand. Supplies in the United Kingdom and Europe as a whole are adequate for about 2 years.

The decision on the part of the British Government not to allow the use of foreign exchange for the purchase of United States leaf will reduce such imports, at least temporarily. Purchases being made for British account by the Commodity Credit Corporation are being stored in the United States. Foreign and domestic dealers who usually handle this trade obtain an option for the purchase of this tobacco prior to July 1, 1941, in return for the portion of the buying costs advanced by them. A greater proportion of Empire-grown leaf than at present may be used.

Apples.

Even Canada, with a preferential market in the United Kingdom, anticipates difficulty in moving a normal volume of fresh apples to oversea markets in 1939–40. The Canadian Government now proposes to divert into canning and drying about 5 million bushels of apples normally exported. These will give canned and dried apples from this country some added competition in the export market.

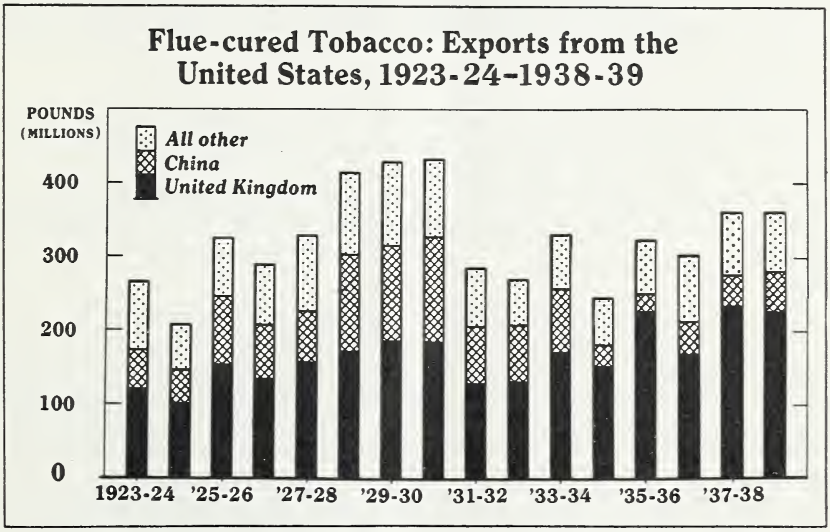

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Figure 11.—The bulk of our flue-cured-tobacco exports goes to England. The curtailment of British purchases of tobacco is an unfavorable element in the situation for flue-cured tobacco.

Last season we exported 12 million bushels of fresh apples. The figure will probably be smaller during 1939–40. Shipping space, foreign exchange, and added trade restrictions are likely to complicate the problem. Europeans probably will eat fewer apples.

Exports of apples from the United States have tended to decline in recent years, and the war will not help that situation.

Dried Prunes.

Production of dried prunes in Europe is much heavier than a year ago and there are larger export supplies in the Balkans.

Normally most of the Balkan export goes to Germany. If the export to Germany should be reduced, a large surplus of low-quality prunes will accumulate in the Balkans. If Britain, for political or economic reasons, should go into this area for prunes, it would give increased competition to the American fruit. If, on the other hand, Balkan prunes do not move to western Europe in appreciable quantities the outlook for our fruit will be better.

Shipments to central Europe probably will be very small, and naval operations in the Baltic are expected to curtail the movement to Scandinavia and other Baltic countries.

Rice.

Any increase in the export demand for rice in the coming season is considered rather doubtful. Although higher ocean freights and insurance place exporters in this country in a more favorable position for shipments to Cuba and Central and South American countries, this advantage may be offset by increased competition from oriental rice as a result of the restricted market in Europe.

In 1914 the United States was a net importer of rice. Prices to growers averaged about $2.05 a barrel in 1914 and did not change much through 1916. During the next 3 years, however, prices advanced sharply, and production increased rapidly until 1921, when prices dropped again.

Dry Beans.

Usually beans are used in large quantities by military forces. It is possible that the European demand may substantially increase the export of beans from this country.

In 1915 bean prices went up rapidly and stayed relatively high during the World War. Bean production in this country increased rapidly.

Hogs.

The war may materially increase our export of hog products.

In many respects the situation for pork is similar to that in 1914–18. At that time the United Kingdom was, as it is now, the principal outlet for the world's pork-exporting countries. During that war British imports of bacon and hams from the United States and Canada increased greatly, whereas imports from continental Europe were sharply reduced.

British imports of bacon and hams from Poland and probably from other Baltic countries already have been cut off by this war. Eventually, though not immediately, hog production in Denmark and the Netherlands probably will be reduced as their imports of feed are cut. This will mean further reduction in British supplies of bacon from continental Europe. In 1938 total imports of bacon and hams into Great Britain from Denmark and the Netherlands amounted to 438 million pounds, and the total from all countries except the United States and Canada was 566 million pounds. It also is probable that hog production in Great Britain and France will be curtailed to some extent.

The United States is the only pork-exporting country outside Europe that has supplies large enough to offset the decrease in British imports from the continent. Canada also may increase its exports although they already are relatively heavy. In early September the British quotas on imports of bacon and hams, in effect since late 1932, were suspended.

It is probable that pork exports from the United States to other countries will increase somewhat, especially to France, Canada, and Cuba. Exports to those countries increased materially in the 1914–18 period, but the total quantity involved was much smaller than that shipped to the United Kingdom.

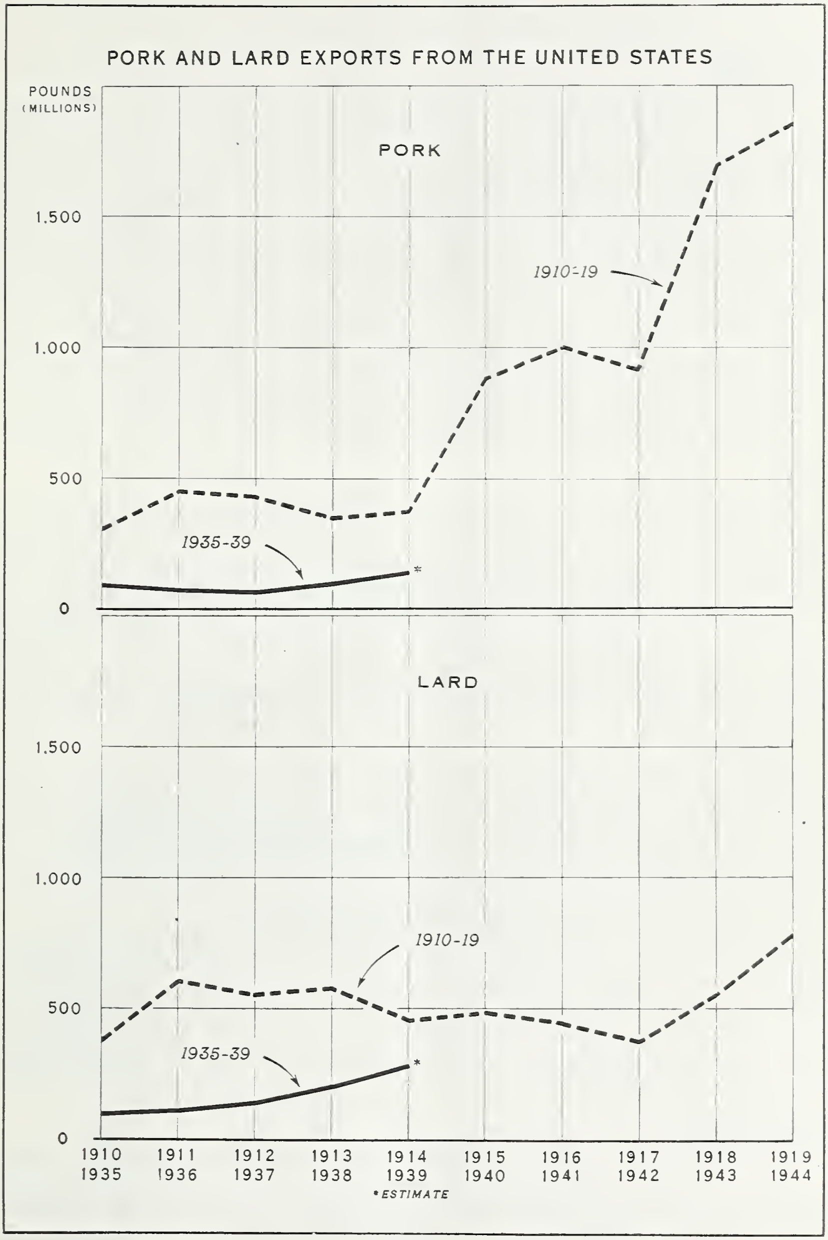

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Figure 12.—The United Kingdom was the principal outlet for the world's pork-exporting countries in 1914, and still is. The situation with respect to pork and lard is somewhat similar to that at the outbreak of the World War. British imports of bacon and hams from Poland and probably from other Baltic countries already have been cut off by the present war. There is a fair prospect that our pork exports to England (likewise to such countries as France, Canada, and Cuba) will increase.

Some increase in lard exports may be expected, but probably they will not be so large as the increase in pork exports.

Beef Cattle.

Present indications do not suggest any very helpful effect of the war on the beef-cattle situation. It is not probable that any large quantity of beef will be exported from the United States—although much was exported during the World War. In the other war, shipping difficulties cut the European imports of beef from South American countries and Australia. Some difficulties in shipping will be met in the present war, but it does not now appear probable that European imports of beef from Southern Hemisphere countries will be reduced much thereby.

The war undoubtedly will improve the position of United States beef producers by increasing the demand for hides and by increasing the export of pork, which will tend to support meat prices.

On the other hand, feed prices might possibly rise to levels that would put cattle feeders at a disadvantage.

Wool.

Wool is a necessity for all armies. The British Government already has purchased the Australian wool clip for the duration of the war. This gives England control of about half of the wool clip of the Southern Hemisphere, where most of the wool for international trade is produced. South Africa and New Zealand (both British Empire countries) produce an additional 25 percent of the Southern Hemisphere clip. England and France have built up large stocks of wool, and their import requirements in 1939–40 will probably be met more than adequately by the output of the three British Empire countries mentioned.

Most of the Australian and South African wools are fine wools, whereas New Zealand produces largely medium and coarse wools—the grades used for military purposes. Argentina and Uruguay also produce mostly medium and coarse wools. England, therefore, may buy considerable quantities of South American wools and release some Australian wools for export to neutral countries.

Domestic wool prices advanced sharply in September, following the outbreak of war. Supplies in this country are small, and the uncertainty of obtaining wool from Southern Hemisphere countries is a bullish factor. Wool prices during the coming year will depend to some extent upon the prices fixed by the British Government for British Empire wools and upon the quantity of such wools released for export to neutral countries.

Dairy Products.

Exports of dairy products from this country rose rapidly during the World War. Exports of concentrated milks showed the largest increase and by 1918 amounted to 550 million pounds, about one-third of our output. Cheese exports rose at the outbreak of the war but not much thereafter. Butter exports increased but not so much as those of cheese and concentrated milk. In 1918, when butter exports were at the peak for the war period, they amounted to only 2 percent of production in the United States. In 1915 our total export of dairy products was seven times as large as the pre-war 5-year average, and by 1918 they had doubled over 1915. At the same time our imports of cheese and other dairy products were greatly curtailed.

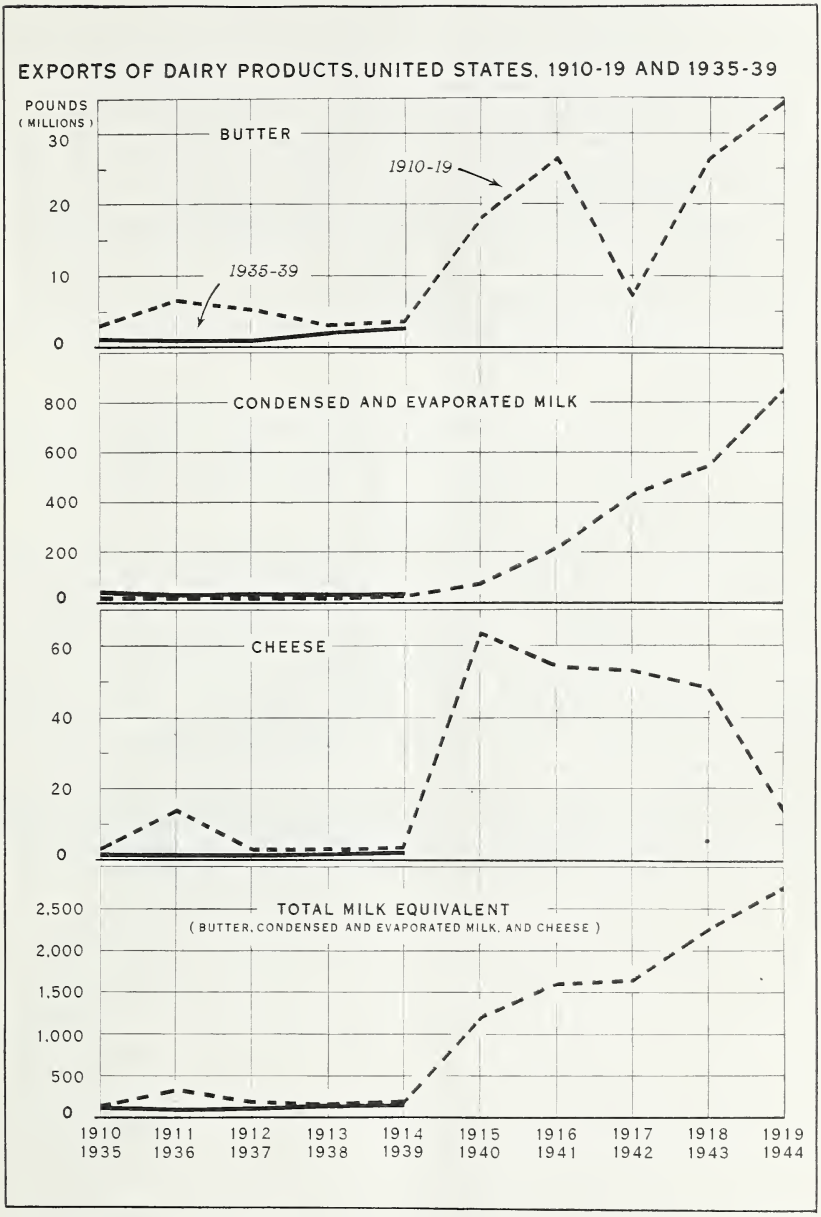

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Figure 13.—The striking increase in our dairy exports during the World War was in concentrated milks. By 1918, 550 million pounds were going abroad, about one-third of the output. Cheese exports rose at the outbreak of the war. Butter exports increased but were never large as compared with total production. Our position is still advantageous for the export of concentrated milks in this war.

The present war probably will have less effect on the output and exports of butter and cheese in this country than did the World War.

A large part of the world's increase in butter and cheese production in recent years has been in the Southern Hemisphere.

However, our position with regard to concentrated milks is still advantageous. The Netherlands and Denmark are the two leading countries in volume of exports, with about 70 percent of the total, and the United States is third, with about 6 percent. In the first two countries dairying depends to a considerable extent on imported feedstuffs and to some extent on imported fertilizer, all of which may be curtailed by the war.

England is by far the most important country in volume of imports. War developments may stimulate our exports of concentrated milks more than other dairy products.

Fats and Oils.

During the first 2 years of the World War prices of fats and oils in the United States remained comparatively stable. Then from July 1916 to November 1919 prices more than doubled. This was the result in part of such factors as heavy European buying and the demand for glycerin for war purposes.

Production of animal fats in this country remained fairly stable throughout the World War, but vegetable oils declined. Considerable quantities of coconut oil and copra, soybean oil, peanut oil, and flaxseed were imported during the war to make up the deficiency. In 1916 the United States changed from a net-exporting to net-importing basis on fats and oils, but exports of animal fats continued. Tallow, usually exported, was imported on balance in 1917 and 1918, apparently because of the increased demand for soap and glycerin in those years.

Consumption of fats and oils in this country has increased faster than production since 1918, so our import requirements are larger now than in the early years of the World War. A surplus of lard is still on hand here, as well as an export surplus of soybeans.

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